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Japan

Financial Talks Open With 'High Expectations'

OW2912015594 Tokyo KYODO in English 0100 GMT 29 Dec 94

[FBIS Transcribed Text] Seattle, Dec. 28 KYODO—The United States and Japan commenced bilateral trade talks on financial services Wednesday [28 December] with high expectations of a market-opening agreement by year's end.

Japan in the two-day session will offer to indirectly meet U.S. demands to open the management of its vast public pension funds to foreigners, and American negotiators are expected to accept, Japanese Government officials said.

But the Seattle talks could run to the informal year-end deadline if Washington presses demands to ease restrictions on stock investments in managing private pension funds, they said.

The pension funds have been the key sticking point in financial services talks and are one of "priority sectors" in "framework" trade negotiations.

The U.S. has praised the main points of the Japanese offer to allow foreign investment advisers to join "investment unions" to manage public pension funds, the officials said.

The Japanese proposal would allow a U.S. investment advisory company and a U.S. trust bank incorporated for tax purposes in the Caribbean to form a union to manage pension funds put up by the bank at the adviser's discretion, the officials said.

Before drawing up the proposal this month, Japan's Finance Ministry had barred foreigners from managing public pension funds, arguing that stock-based investments cannot guarantee investors' principal.

Aviation Talks on 'Beyond Rights' To Resume Soon

OW2912063494 Tokyo KYODO in English 0617 GMT 29 Dec 94

[FBIS Transcribed Text] Tokyo, Dec. 29 KYODO—Japan and the United States will resume aviation talks to narrow a wide gap on so-called "beyond rights" as early as next month, Japanese officials said Thursday [29 December].

With permission given to Japan Airlines (JAL) to run a regular flight service between Sendai and Honolulu in October, the biggest barrier to the stalled talks has been removed, said Michihiko Matsuo, vice transport minister.

Tokyo wants to revise an unfair aviation pact with the U.S. in order to correct the competitive imbalance between the two countries, another Transport Ministry official said.

In addition, Germany's earlier success in getting a pact with the U.S. revised may benefit Japan during the coming negotiations, the official said.

France and Thailand have also succeeded in scrapping what they view as unfair accords with the U.S.

The U.S. is expected to seek a new entry in the Kansai international airport by American Airlines and Delta Air Lines, the official said.

At stake will be the beyond rights, or rights to fly into third countries via each nation.

The Japan-U.S. Aviation Pact, signed in 1952, allows unlimited beyond rights to some U.S. airlines into Asian countries while similar rights granted to Japanese airlines are limited.

The number of passengers who flew from the U.S. to Asia under the beyond-right system totaled about 1.39 million in fiscal 1993 against about 4,000 by JAL.

JAL offers Los Angeles-Sao Paulo flights twice a week, using the beyond-right system.

The Japanese side is expected to face a tough period during the talks as Washington is unlikely to easily give up vested interests its airlines have long enjoyed, industry analysts said.

If the talks become deadlocked, full-scale negotiations may be delayed into next spring, they said.

Residents Unhappy About Budget for U.S. Bases

OW2912093994 Tokyo ASAHI SHIMBUN in Japanese 27 Dec 94 Morning Edition p 27

[FBIS Translated Text] Which should come first—helping residents who live around military bases or improving facilities on bases of the U.S. armed forces and the Japanese Self-Defense Forces [SDF]? In the government budget plan for 1995, funds for programs to deal with issues of people living around the bases are 1.6 percent less than in the budget for 1994.

The drop in the budget is something that has happened for the first time in the midst of efforts to contain the growth of the overall defense budget. But on the other hand, the "budget out of consideration" for the U.S. forces in Japan has grown by 7.8 percent.

The residents around the bases who are annoyed by noise and other causes complain about the decrease, noting "their training has not been reduced." Local governments with military bases in their areas are concerned as well, saying "we might have trouble in developing the town."

Before the Finance Ministry made an unofficial announcement on the budget, the National Consultation Group for Improvement of Life for Residents Around Defense Facilities, which is composed of local governments with U.S. military and SDF bases in their areas

(292 local governments; headed by Masaru Kurihara, mayor of Hamamatsu) had demanded allocation of funds for noise measures in the budget, saying: "The Cold War has ended, but the military bases and training have not been reduced. In fact, more aircraft have been stationed, and there have been other big changes."

According to the completed government budget plan, Japan's share of burden in costs of mainintaing employees or paying for utilities has been raised from 75 percent to 100 percent of the total requirements. It was obvious that the "budget out of consideration" for the U.S. forces weighed in heavily. But victimized by this, the budget for programs to deal with base perimeter issues has been lowered for the first time—on contract amount basis—with funds for noise prevention having been cut by 2 percent.

Regarding the Yokota Base (in Tokyo), the U.S. forces' largest transport base in the Far East, Yoichi Endo of the Secretariat of the Class Action Group To Stop Flights was concerned that "the work of putting aluminum sash on school windows may be delayed."

To reduce noise for schools, it is necessary to change old windows and to put in cooling systems. Endo said: "The course of training flights has extended further toward west of the base. If the government thinks its antinoise measures are adequate, that is absurd."

In Hamamatsu of Shizuoka Prefecture where the Airborne Warning and Control System (AWACS) planes will be assigned to the Air SDF's Hamamatsu Base, Hiroshi Nakamura, chairman of the "Association of the Hagiokawa District Residents Opposed to the Hamamatsu Base," said: "I wish the government could have taken the position of protecting victims from pollution of the bases and of not cutting down on measures for base perimeter areas."

People often have to stop their conversation in the living room of Nakamura's home, interrupted by airplane noise. The budget for next year has set aside funds for construction of facilities for AWACS planes like hangers, but he said, "I cannot find anything in the budget that shows a desire to reduce the aircraft noise."

Meanwhile, there are once again growing complaints that "the military bases are becoming an obstancle to the development of the town." In Fussa, Tokyo, where the Yokoda Base occupies about one-third of the area, a city official said: "The base has grown considerably since shortly after the end of the war. Consequently, there is not much land left for our parks to expand. Only the budget in special considerations is growing, and subsidies for public facilities are being sacrificed. We cannot understand this." There exists a plan to build high-rise buildings at three sites of the base using the Japanese budget, and the budget plan for next year envisages constructing buildings to accommodate 70 families.

Yokosuka City in Kanagawa Prefectuere has the Yokosuka U.S. Naval Base. A city official expressed his displeasure on the decline of the budget over last year, saying: "We cannot cut down the funds for base perimeter measures which are meant to reduce inconveniences. We will explain the present coniditions of the problem to the government when there is a chance for it."

There was an incident of U.S. soldiers fighting among themselves in an amusement quarter near the base in September, and the city officials had to conduct nighttime watch of this area until 23 December.

Current Account Surplus Increases in Nov

OW2812113394 Tokyo KYODO in English 0725 GMT 28 Dec 94

[FBIS Transcribed Text] Tokyo, Dec. 28 KYODO—Japan's current account surplus increased an unadjusted 15.4 percent in November from a year earlier, marking the first yearly gain in five months, the Finance Ministry said Wednesday [28 December].

The nation's politically sensitive surplus in trade and services totaled 9.67 billion dollars, the ministry said in a preliminary report.

The November unadjusted surplus in trade, the major component of the current account, grew 20.3 percent on a contract settlement basis to 10.94 billion dollars, with exports up 21.1 percent to 33.35 billion dollars and imports up 21.4 percent to 22.40 billion dollars.

The unadjusted service trade in November posted a 694 million dollar deficit, up 372.1 percent, the ministry said.

Dramatic Increase With Asia Noted

OW2912122394 Tokyo NIHON KEIZAI SHIMBUN in Japanese 26 Dec 94 Morning Edition p 7

[FBIS Translated Text] Japan's trade surplus with Asian countries has been increasing dramatically. In January-November 1994, the nation's trade surplus (on a customs clearance basis) with countries in the Asian region (22 countries and territories excluding the PRC) registered approximately $62.6 billion, exceeding its trade surplus (approximately $61.4 billion) with major industrialized nations (33 countries including North America and Western Europe). The situation has been brought about by the increased export of manufacturing plants and equipment and intermediate goods from Japan that accompanied the shift in Japanese manufacturers' production bases to overseas in the backdrop of the yen's appreciation against other currencies. Another factor is the increased export of consumer goods from Japan as a result of the dramatic development of Asian economies. It has become increasingly likely that even on a yearly basis, Japan's trade surplus with Asian countries will exceed its trade surplus with major industrialized nations for the first time.

Over the past several years, Japan's trade surplus with Asian countries has increased steadily. The nation's trade surplus for January-November 1994 already exceeds its annual trade surplus (approximately $5.68 billion) for 1993 by a considerable amount.

Japan's surplus has notably increased, particularly in the nation's trade with the six ASEAN countries, including Singapore and Malaysia. Japan began recording a surplus in trade with ASEAN countries in 1989 when it registered a surplus of approximately $150 million. In 1993, the surplus increased to approximately $15.4 billion.

One factor that has contributed to the situation is the dramatic increase in export of manufacturing plants and equipment and intermediate goods as a result of a sharp increase in direct Japanese investment in Asia. Many Japanese manufacturers which produce personal computers [PC] and liquid crystal displays in Asian countries order from Japan critical components which tend to be the most expensive. Even at Oki Electric Industry Co., Ltd., which manufactures PC printers in Thailand, company officials say: "Since it is still very difficult to locally manufacture critical components which require sophisticated technology, we procure printer heads and scanners from Japan."

Another factor that has contributed to Japan's increased trade surplus with Asian countries is that due to increased personal income in these countries, personal consumption has increased steadily. Since the 1990's, high-quality Japanese products, such as large television sets and PC's, have been rapidly gaining popularity among city dwellers in Asian countries and territories in tandem with their increase in personal income.

It is predicted in some quarters that the trade imbalance between Japan and other Asian countries will gradually diminish because a manufacturing system will eventually be established in Asia, and trade among these countries themselves is beginning to expand. On the other hand, however, it has been pointed out that "although trade imbalance may diminish on a quantitative basis as a result of increased export of goods from Asian countries to Japan, Japanese products remain superior in quality to Asian products, and therefore it will be difficult to rectify the imbalance on a monetary basis," as stated by Kayoko Kitamura, chief studies officer at the Economic Cooperation Studies Office under the Institute of Developing Economies.

APEC Plans To Draw Up Action Guidelines

OW2912010394 Tokyo NIHON KEIZAI SHIMBUN in Japanese 27 Dec 94 Morning Edition p 5

[FBIS Translated Text] Countries and territories belonging to the Asia-Pacific Economic Cooperation (APEC) forum plan to draw up "action guidelines" at a high-level working meeting scheduled for February 1995 in Fukuoka in order to implement the "Declaration on Trade and Investment Liberalization," which was adopted at the APEC summit last month. The declaration sets 2020 as the deadline for trade liberalization, but did not mention how liberalization is to be achieved in the different areas of trade. APEC members hope to adopt the action guidelines at a summit meeting scheduled for November 1995 in Osaka. They plan to finalize details at four working-level meetings due to be held in the coming year.

The high-level working meeting will be attended by bureau director-level officials from APEC member countries and territories. Tetsuya Endo, ambassador extraordinary and plenipotentiary in charge of APEC affairs, and Hidehiro Konno, director general of the Economic Cooperation Department of the Ministry of International Trade and Industry, are to serve as joint chairmen at the Fukuoka meeting.

The action guidelines are to include details and procedures on liberalizing trade and investment. The lowering of tariffs, the reduction of non-tariff trade barriers, and the harmonizing of standards and licensing systems are expected to be specific topics of discussion. However, as there are considerable differences in the levels of economic development among APEC member countries and territories, there also exist wide disparities in their trade and investment liberalization plans. The work involved in drawing up the guidelines will certainly be tough, and Japan, as host nation, will face the difficulty of trying to coordinate matters.

SDF Holds Disbanding Ceremony for Rwandan Mission

OW2412050494 Tokyo KYODO in English 0337 GMT 24 Dec 94

[FBIS Transcribed Text] Chitose, Japan, Dec. 24 KYODO—The Self-Defense Force (SDF) troops who returned home from their UN relief mission in Goma in eastern Zaire held a disbanding ceremony on Saturday [24 December] at Higashi Chitose Garrison in Hokkaido.

Some 260 SDF personnel lined up at a gymnasium inside the garrison post to hear an address from Defense Agency Chief Tokuichiro Tamazawa, who praised their service as "Japan's first international human relief operation."

The SDF personnel were engaged for three months in UN-led relief operations such as providing water and medical treatment for Rwandan refugees who had fled a civil war at home.

Col. Mitsunobu Kamimoto, commander of the SDF Rwanda mission, returned the troops' flag to Tamazawa and all the troop members received certificates of commendation issued by Prime Minister Tomiichi Murayama.

Prior to the disbanding ceremony, Kamimoto told a press conference at the garrison post, "it is true the presence of the SDF helped stabilize security in Goma."

"I think it is good if the SDF can provide a system that can contribute to security rather than combat forces in the future," Kamimoto said.

Later, about 800 people, including the SDF members, their families and senior defense agency officers, attended a homecoming reception.

After the reception, the 260 SDF personnel are scheduled to return to their original garrison towns in Asahikawa and Obihiro in Hokkaido, Japan's northernmost main island.

ASDF Troops Disband After Kenya Relief Duty

OW2812135494 Tokyo KYODO in English 1333 GMT 28 Dec 94

[FBIS Transcribed Text] Nagoya, Dec. 28 KYODO—Air Self-Defense Force (ASDF) personnel who transported supplies as part of United Nations relief missions between Nairobi in Kenya and Goma in eastern Zaire returned home from their mission Wednesday [28 December].

The group of 108 and the two C-130 transport aircraft they used arrived at the ASDF base in Komaki, Aichi Prefecture.

Defense Agency Director General Tokuichiro Tamazawa attended a disbanding ceremony for the troops at the base Wednesday evening.

The ceremony formally marked the end of the first international humanitarian relief operation carried out under Japan's UN Peacekeeping Cooperation Law.

At the ceremony inside an ASDF hangar at the base, Kazumoto Aratani, the squadron's commanding officer, formally reported to Tamazawa that he had completed the mission.

Aratani told reporters at a press conference that the experience had given the ASDF the "know-how for air transport operations overseas." He said the aid operation had "scored more than 100 points."

The ASDF personnel were dispatched to Kenya in late September from where they ferried supplies for Japan's Ground Self-Defense Force (GSDF) personnel stationed in Goma.

During their period of duty, they carried an estimated 510 tons of supplies and transported 3,400 people by air, mostly at the request of the UN High Commission for Refugees or for nongovernmental organizations assisting refugees from Rwanda.

In all, they logged some 260,000 kilometers in flights.

The 260 GSDF personnel involved in the operation had returned to Japan by Dec. 23 and disbanded Dec. 24.

Finance Minister on 1995 Budget Compilation

OW2912131594 Tokyo NHK General Television Network in Japanese 1547 GMT 25 Dec 94

[Interview with Finance Minister Masayoshi Takemura by NHK commentator Takehiko Mizuki on 25 December; from a special program entitled "Fiscal 1995 Draft Budget Approved; Interview With Finance Minister"; place not given—recorded]

[FBIS Translated Text] [Mizuki] Minister, thank you for being with us today. The new coalition government has just finished its first budget compilation. What particular difficulties were you faced with during the budget compilation?

[Takemura] Standards for making a rough budget request were introduced in the summer. After receiving budget requests from each ministry and agency, prepared on the basis of these standards, we finished the budget compilation in December. We spent the entire fall preparing the budget. Frankly speaking, there is an imbalance between revenues and expenditures. An infinite number of Japanese people were placing their hopes on the national finances but the amount of revenues was too small to satisfy their expectations. Our economy is in a stagnant state and, needless to say, tax revenues are not growing. On the contrary, they are shrinking. The tax revenues have been declining for three consecutive years. I do not know whether next year's tax revenues will be the same as this year. I just cannot imagine it will grow considerably next year. Under a severe revenue situation, we had to satisfy the people's expectations, which were several times larger than the amount of our revenues. I do not mean to say that the total amount of the rough budget requests from ministries was several times larger than the amount of revenues. Nevertheless, each ministry did their best in preparing the budget requests by trimming unnecessary expenditures. We had to make further reductions in their budget requests. It was hard to do; even harder than in previous years. I was not sure if we could ever compile a draft budget. But, we somehow made it through by tiding over the difficulties. This is what I feel now.

[Mizuki] How do you assess the draft budget?

[Takemura] As I said earlier, it was a budget compilation under very severe economic and financial situations. It was like trying to draw up a budget while facing adversity; freezing winter wind blowing in the dead of winter. Therefore, it seems to me that the draft budget we prepared is something like an ume-flower [Japanese apricot flower] that is trying to blossom in the middle of winter.

[Mizuki] Indeed, you managed to avoid issuing deficit-covering bonds but one thing I am concerned with is the so-called hidden liabilities or various contrivances [various technical accounting techniques to balance revenues and expenditures]. It is very difficult for people to understand. Please excuse me for saying this, but I suspect that you yourself had difficulty understanding it. I did too. In addition, I am afraid that ministries may feel at ease and think that the Ministry of Finance will somehow come up with money and approve their budget demands if this practice of contrivances becomes a habit. What do you think?

[Takemura] Well, none of the people or politicians asked us to approve particular budget requests because they would, in return, make cuts in other budgets. They only asked us to approve this and that. Therefore, the budget amount steadily increased. Under such circumstances, tiding over...well, the phrase tiding over sounds as if our efforts went smoothly. A balance between revenues and expenditures is maintained in a healthy budget. But, the amount of our revenues was less than expenditures even though we tried to keep down expenditure as much as we could. We cut and contrived this year too to fill the gap because the total amount of revenues was less than expenditures. As you said, some people call it hidden expenditure. We did not hide anything at all. We did it by revising laws. The budget has to be approved at the Diet. We did not hide anything to make ends meet. Anyhow, our revenue is far from a healthy situation. It is not healthy to do cutting and contriving to fill the gap. Frankly speaking, I have to say that Japan's financial situation is becoming weak. It is becoming critical. However, although our economy was in a stagnant state it is now recovering. Many people are counting on expansion of public financing to make a full-scale economic recovery. the amount of public works projects will be reduced if the amount of public finance shrinks now. Withdrawal of the plan to reduce taxes will slow down economic recovery. Therefore, we had to compile the draft budget even though we did not have enough money. We were in a difficult situation. Under such circumstances, we managed to cut and contrive to the tune of several trillion yen. Primarily, we had to close our eyes to pay off 1.6 percent of our debts. But, we made a decision to delay this payment for one year. This amounts to some 3.2 trillion yen. We also made a decision to delay budget appropriation for welfare pensions and national pensions which, needless to say, the government has to pay. Also, we borrowed funds from the foreign exchange account and the liability insurances. We took all possible measures and managed to compile the 70 trillion yen budget. Frankly speaking, I have to say this is a very unfortunate situation. The Ministry of Finance plans to explain the situation after putting all these things in order.

[Mizuki] I would like to talk about the context of the budget. Regarding welfare services, the New Gold Plan will start too. However, it will be a first step, and it seems that demand for it will steadily grow.

[Takemura] That is right.

[Mizuki] How are you planning to deal with the welfare issues as well as the issue of reviewing the consumption tax?

[Takemura] Japanese society is aging rapidly. Politicians have to pay serious attention to this fact. Pensions, medicare, nursing, hiring more home helpers, and improvement of special nursing homes are indispensable and are top priority issues. How could we compile a welfare budget for the next fiscal year under such a financial situation? The Ministry of Health and Welfare prepared a highly motivated plan called the New Gold Plan. We compiled its first year budget. Although the aging will continue, we have no idea of how we will come up with money to finance plans for the future—10 or 20 years from now. We debate the consumption tax issue as well. However, I want to have serious discussions on this issue at the Diet as we review the consumption tax.

[Mizuki] Now, I would like to talk about budget distribution for public works projects. If you take a close look at the budget using a magnifying glass, you will note that it is well-balanced indeed. However, a change in the overall share of the public works pie is less than one percent. Is it difficult to carry out bold reforms?

[Takemura] I enthusiastically reviewed the issue of budget allocation this year too but the final figures indicate that the change in the share of the public works pie is only 0.7 percent over the current fiscal year's budget. It is 0.4 percent as far as the budget amount for each ministry is concerned. Almost no change was made until 1992. Small changes were made last year and this year. Probably a change will become noticeable if we continue what we are doing for five or ten years. Indeed, the changes are less than one percent as far as the figures are concerned, and I am not going go say that we made a major change. However, we attached importance to what we considered important projects. Take the budget for harbor facilities, for example. Being a country which heavily relies on foreign trade, there was a strong demand for construction of piers needed for trade with other countries. Because of this, we attached importance, during the process of compiling the budget, to allocation of budget for construction of piers needed for foreign trade.

[Mizuki] It seems that the defense budget reflects the characteristics of Murayama; defense spending was squeezed harder than previous years. However, the increase rate in the defense budget is also less than one percent. I think the important point is to have fundamental discussions on how we will improve Japan's defense capability. How do you think Japan should improve its defense capability and how much should be allocated for the defense budget?

[Takemura] The mid-term defense buildup plan will start next year. Time is ripe for the government to come up with a distinct defense policy. The government should do that after discussing and studying how we should improve our defense capability. We should try hard to improve the efficiency of our defense capability while firmly maintaining the fundamentals of our defense posture that is exclusively defensive by nature.

However, the growth rate of this year's defense budget is 0.855 percent over the current fiscal year. This is the lowest growth rate in our modern defense history.

Expenditures for major weapons systems were also reduced by 6.5 percent. However, we earmarked a considerable amount of expenditure for logistics measures such as improvement of accommodation for the members of the SDF. We daringly reduced expenditures on major weapons systems, which can add up to a huge amount. The issue of our defense capability is not a simple matter because it is related to the world situation. However, I think we have to try by all means to modernize our weapons systems and improve our defense capability while having serious discussions on the overall financial situation.

[Mizuki] In conclusion, I would like to ask you questions about the prospects for economic recovery and future economic management. The government expects the Japanese economy will grow by 2.8 percent in real terms. Is this a target, or is the government sure about attaining this figure?

[Takemura] Frankly speaking, it was a common practice, in the past, for the government to announce a lower figure than what it actually expected. I do, by all means, hope the Japanese economy will recover and achieve about 2.8 percent growth in real terms next year. In that sense, our draft budget is not a neutral type at all. As I said earlier, we will do our best to realize a 5.5 trillion-yen tax reduction next year. Although the situation was tough, we increased the budget for public works projects by 4 percent. Basically, it will be funded by issuing construction bonds.

Many people are worried about the possibility of industrial hollowing out, in particular. With the Ministry of International Trade and Industry as a central structure, we will launch policies to encourage companies to create new projects. We will do that by means of the budget, the tax system, and financing. We will do that by enacting new laws designed to reform and refine current projects. We will also enact laws to give support to creative small businesses. In that way, we are planning to launch policies to encourage companies to create various types of new projects. We will do our best in introducing economic measures.

[Mizuki] In addition to what you have mentioned, the government has to realize administrative reform and ease regulations next year. Can you explain your resolve?

[Takemura] Since we completed the budget compilation, administrative reform and economic structural reform will be very important themes to the Murayama administration next year. Administrative reform, in particular, is an important task which will test the true value of the cabinet. We will do our best and buckle down to the task of promoting administrative reform.

[Mizuki] Thank you very much.

Many Dietmen Skeptical of Two-Party System

OW2912125994 Tokyo MAINICHI SHIMBUN in Japanese 24 Dec 94 Morning Edition p 1

[FBIS Translated Text] With the inauguration of Shinshinto [New Frontier Party] and the introduction of a new electoral system of single seat constituencies combined with proportional representation for the House of Representatives, political reorganization has entered a new phase. In such a situation, MAINICHI SHIMBUN recently conducted a survey of all the 508 House of Representatives members (three seats are vacant in the house) on the timing of the house dissolution for general election, the future of the Murayama government, and political reorganization. Of them, 402 responded by 23 December. They were asked to sign their names on questionnaires. The poll has found: 1) many house members are skeptical that a "two-party system" by the Liberal Democratic Party [LDP] and Shinshinto will take root in Japan; 2) there are many in both the ruling and opposition parties who think the dissolution of the lower house for general election will take place after the House of Councilors elections in July 1995; and 3) there are differing views within the ruling parties on the life span of the Murayama administration. The results of the poll show that many dietmen are unable to predict what will happen in the future because of the volatile political situation. The survey was conducted from 12 December by MAINICHI SHIMBUN reporters interviewing them, or by sending questionnaires. Seventy-nine percent of the lower house members responded. They included 144 LDP members, 151 Shinshinto members, 58 Social Democratic Party of Japan [SDPJ] members, 20 Sakigake [Harbinger] members, 15 Japan Communist Party [JCP] members, and 14 independents.

Asked about the impact of the introduction of the new electoral system on political circles, 30 percent of the respondents said, "It has promoted moves toward a tripolar system, in which two conservative parties and a force composed of socialists, democrats, and liberals will form each pole," 24 percent said, "A two-party system will be established," and 17 percent answered, "The general election or the change of government will take place several times and political confusion will occur."

By party, only 48 percent of the Shinshinto respondents said, "A two-party system will be established" despite the party's advocacy of the system. Of the LDP members, 34 percent believed "A tripolar system will be established," and 13 percent noted "A two-party system will be formed." As many as 67 percent of the SDPJ respondents predicted the "establishment of a tripolar system." There is currently a rift within the SDPJ over a plan to form a new democratic and liberal party.

In answering a question on whether or not a two-party system by the LDP and Shinshinto will take root, only 51 respondents, or 13 percent of the surveyed, said, "It will take root." Only 29 percent of the Shinshinto members gave the same response. This indicates many Shinshinto dietmen consider their party a "transitional force."

Concerning the timing of the dissolution of the lower house for general election, the poll asked when they think the "dissolution should take place." Sixty-six percent of the Shinshinto members and all JCP respondents called for an early dissolution, saying: "The house should be dissolved prior to upper house elections scheduled for next summer." However, when the poll asked about the timing of the "actual dissolution," fewer predicted an early dissolution: 37 percent said, "The dissolution will take place in a period between next summer's upper house elections and the end of next year," 31 percent said, "It will take place prior to lower house elections in July 1997," and only 16 percent predicted "prior to next summer's upper house elections."

In answering how long they think the Murayama government will last, 27 percent said "until the first half of 1995," 26 percent predicted "until next year," 14 percent expected "until 1996," and 14 percent said, "It will serve out its term." By party, 64 percent of the Shinshinto members said "It will last until the first half of 1995." Meanwhile, 20 percent of the LDP and the SDPJ members predicted "until next year," another 20 percent gave "until 1996," and another 20 percent expected "until its term expires," respectively. About 90 percent of the JCP members gave different or no answers.

Kaifu 'Trying' To Convey Party Leader's Image

OW2912025894 Tokyo SANKEI SHIMBUN in Japanese 27 Dec 94 Morning Edition p 2

[FBIS Translated Text] In the two weeks since his election as president of New Frontier Party [NFP], Toshiki Kaifu has been busy making appearances on television and paying a round of courtesy visits. However, considering the circumstances under which the new party was formed, it cannot be denied that the public has a strong impression that the party is dominated by Ichiro Ozawa, the party's secretary general.

As result, Kaifu has been busily trying each day to impress the public that he is the leader. For example, he has indirectly expressed his intentions on the appointment of members to the party's shadow cabinet, known as "tomorrow's cabinet."

Since his inauguration, Kaifu has been seen actively moving around as a versatile, all-round frontman for the party, granting interviews to the Japan Broadcasting Corporation [NHK] and commercial television stations, as well as newspapers. Interviewers who suspect that "Kaifu is merely a figurehead under Ozawa's control" have continually asked him about his relations with Ozawa. Each time, Kaifu has patiently answered: "You reporters, too, made predictions about who would be chosen as the new party leader, but in the end, it was determined through election."

Recently, Kaifu has been noted frequently talking about "role sharing" and the idea of "all-hands-politics based on participation by everyone." It appears to be Kaifu's intention to eliminate the impression that the NFP is "Ozawa's private party," and to call for cooperation from NFP Vice President Ttutomu Hata, who ran against him in the NFP presidential election.

One of Kaifu's attributes is that even when he is under fire, he appears nonchalant, seeming as if to enjoy it. During a courtesy visit by Kaifu and Hata to meet Sakigake Chairman Masayoshi Takemura on 19 December, Hata said his job as NFP vice president was to "handle party affairs." But Kaifu said disapprovingly: "That will not be the case." Kaifu was trying to demonstrate his authority as party president.

A factor that has apparently encouraged Kaifu have been the results of a recent public opinion survey conducted by SANKEI SHIMBUN and Fuji Telecasting Co., Ltd. It showed that 41.5 percent of respondents felt Kaifu was the most fit to be prime minister, while only 34.1 percent supported incumbent Prime Minister Tomiichi Murayama.

Kaifu next faces a testing time over the appointment of members to the NFP's "tomorrow's cabinet." Kaifu has been careful about revealing his intentions on the issue, but he has reportedly shown his determination to close associates by saying, among other things, "I want this to be a serious one."

Kaifu is expected to continue making efforts to establish his leadership.

Murayama Expresses 'Deep Concern' Over NDL

OW2912050894 Tokyo NIHON KEIZAI SHIMBUN in Japanese 24 Dec 94 Morning Edition p 2

[FBIS Translated Text] The "New Democratic League" (headed by Sadao Yamahana), a policy group within the Social Democratic Party of Japan [SDPJ], has been moving to form a democratic and liberal party. The policy group has confirmed plans to hold a general meeting on 24 December to decide on the formation, together with other parties and factions, a preparatory council for the launch of the democratic and liberal party. The SDPJ Central Executive Committee, which had planned to hold an extraordinary party convention to discuss a blueprint for a new party, has decided to delay the extraordinary party convention until after February. The New Democratic League [NDL], however, is poised to go its own way and launch a new party before 20 January, when the next ordinary Diet session is convened.

In response, Prime Minister Murayama (chairman of the SDPJ) has expressed deep concern about the moves by the NDL. The prime minister's supporters have reacted against the NDL, saying: "The NDL is taking an increasingly intransigent stance." It seems likely that a tug of war will intensify behind the scenes between the prime minister's supporters and members of the NDL.

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On 23 December, SDPJ Vice Chairman Kosuke Uehara called on the prime minister at his official residence to brief him on the present situation regarding U.S. military bases on Okinawa. During the meeting the prime minister lamented the moves by the NDL to break away from with the SDPJ, saying: "I am in trouble ..."

Murayama solicited cooperation from Uehara, saying: "I will work to dissuade them from leaving our party. I hope you will cooperate in my efforts to dissuade them."

Aides to the prime minister intend to act to stop the NDL's plans after concluding that "the NDL's moves may topple the Murayama cabinet." Some SDPJ members have shown their inclination to support the NDL's claim that the party should hold an extraordinary party convention in January by demanding that "the Central Executive Committee reconsider the timing of the extraordinary party convention at its 24 December meeting."

Secretary General Wataru Kubo is refusing to go along with their demand, saying: "The Central Executive Committee will only discuss matters concerning the budget for fiscal 1995 at its 24 December meeting."

The present situation is that no effective way is in sight to resolve the differences between the NDL and the prime minister.

The NDL believes that with the Central Executive Committee decision to delay the extraordinary party convention the SDPJ has missed an opportunity to reorganize itself into a new party. A senior NDL member said the group plans to hold informal consultations with members of the former Democratic Socialist Party, members of the Democratic Reform League, and other parties and factions on "inaugurating a preparatory council as early as January next year."

Some NDL members have hinted that "the NDL will break away from the SDPJ on 15 January and form a new party on 16 January."

Yamahana is believed to have firmed up his intention to quit the SDPJ. According to a senior NDL member, the prevailing view is that "about 20 NDL members of the House of Representatives will leave the SDPJ, this will not include a group of NDL members backed by the All Japan Prefectural and Municipal Workers' Union, who are cautious about quitting the party.

An Murayama aide said: "Hardline NDL members will face a backlash from their constituents when they return to their constituencies in late December or early January."

It remains uncertain how far the NDL will be able to hold itself together.

Grappling with SDPJ, Foreign Policy

OW2912062494 Tokyo NIHON KEIZAI SHIMBUN in Japanese 26 Dec 94 Morning Edition p 2

[FBIS Translated Text] Now that the cabinet, at its 25 December extraordinary session, has decided on the draft budget for fiscal 1995, Prime Minister Murayama plans to announce early next year that he will do everything in his power to come to grips with the major domestic and foreign policy issues. Specifically, the prime minister plans to unveil his "Murayama vision," prepare for his first visit to the United States, and push for administrative reform. He aims to strengthen the cohesive force in his government by highlighting "his policy priorities." He also wants to check moves by the "New Democratic League" (headed by Sadao Yamahana), a policy group within the Social Democratic Party of Jápan [SDPJ] which is calling for the early formation of a democratic and liberal party, and avert a split in the SDPJ. Prime Minister Murayama's strategy is to remain in power by deferring, until after unified local elections in April, any SDPJ decision on forming a new party that could shake up the government. It is certain that the New Democratic League [NDL] will react strongly to the prime minister's strategy. It therefore seems likely that the prime minister will be forced to walk a political tightrope to manage the situation.

Shortly after the 25 December extraordinary cabinet meeting, the prime minister met Chief Cabinet Secretary Kozo Igarashi, Management and Coordination Director General Tsuruo Yamaguchi and other cabinet members from the SDPJ to discuss the situation in the SDPJ, especially moves by the NDL to form a new party. During the meeting, the prime minister said: "What matters is to confirm the SDPJ's unity so that we can win in the unified local elections and upper house elections." During the meeting, he frequently stressed "the need to keep the SDPJ cohesive."

Moves by the NDL to form a new party may lead to a split of the SDPJ, thereby precipitating the collapse of the Murayama government. An aide to the prime minister said that Murayma, therefore, intends to do everything he can to keep members of the NDL from leaving the SDPJ, and to make his top priority the stabilization of his government's base until 11 February, when the SDPJ holds an extraordinary party convention. At the 25 December meeting, the prime minister told SDPJ cabinet members: "I hope you will work toward a smoothly-run extraordinary party convention."

As his trump card to dissuade members of the NDL from forming a new party, the prime minister is citing the need to deal with domestic and foreign issues. Longstanding issues such as political reform and reform of the tax system were settled in the latest Diet session, but an aide to the prime minister stressed: "Those issues were inherited from the Hosokawa and Hata governments, from now on the Murayama cabinet will work on its own polices."

The prime minister will unveil plans to tackle such "important pending issues" as administrative reform, the issue of the 50th anniversary of the end of World War II, and the hollowing out of industry. These issues will constitute the highlights of the "Murayama vision" that the prime minister plans to map out early in the New Year.

A close aide to Murayama said the prime minister intends to keep his government afloat by stressing the "Murayama cabinet's willingness to ceaselessly tackle a host of issues" and to work to hold the SDPJ together by pleading with the party's local chapters that "only the SDPJ's effort to steadily shape and set into force its own polices can open the prospect of it regenerating itself."

The prime minister also plans to stop the NDL from attempting to form a new party by stressing the adverse effects of internal discord on the unified local elections scheduled to be held in the spring. The prime minister intends to strongly check NDL moves to form a new party by stressing the "indispensability of SDPJ unity to winning in the unified local elections."

Many members of the NDL, however, are groping for a way to break away from the SDPJ in group, claiming: "The prime minister's real intent is to defer forming a new party almost indefinitely."

The present situation makes it hard to predict whether or not the prime minister will achieve his goals.

Stresses Unity of SDPJ

OW2912134494 Tokyo KYODO in English 1312 GMT 29 Dec 94

[FBIS Transcribed Text] Oita, Japan, Dec. 29 KYODO—Prime Minister Tomiichi Murayama on Thursday [29 December] stressed the importance of transforming the Social Democratic Party (SDP) [of Japan, SDPJ] into a new party without breaking up its present membership.

Murayama, making a short year-end trip to his hometown of Oita, told reporters he will do his utmost not to break up the SDP which he leads as chairman.

"As the chairman, I have a responsibility to unify the party," Murayama said, referring to a possible secession from the SDP of a group called the New Democratic League.

"By cooperating fully with Secretary General (Wataru) Kubo, I want to tackle the issues and make the SDP into a new party that can handle new responsibilities in a new era," Murayama said.

Murayama and his SDP supporters think it important now to maintain the tripartite ruling coalition of the SDP, the Liberal Democratic Party and new party Sakigake [Harbinger], observers said.

But the new democratic league, headed by former party Chairman Sadao Yamahana, showed readiness to quit the party in the belief that they should create a third pole to act as a counterweight to the LDP and the new grand opposition party Shinshinto (New Frontier Party).

The New Democratic League does not greatly differ on the issue of forming a new party, Murayama said, urging the rebellious group not to proceed with its possible split.

Kubo, regarded as more closely linked to the group, said in a recent newspaper interview, however, that he opposes the proposed formation of a new party if it would result in the SDP being split.

Murayama ruled out the possibility of dissolving the lower house and calling a general election soon, saying there is no chance that anything like this would take place in the early part of 1995.

"There will be opportunities to hear the people's views at the national political level, such as in local elections and the House of Councilors election," he said.

"I have nothing in mind right now about a dissolution of the House of Representatives and a general election," Murayama said.

Shinshinto, launched on Dec. 10 by merging all the major opposition forces, has been calling for an early dissolution of the lower house.

Constitution Debates Damaging Kono's Leadership

OW2712011594 Tokyo NIHON KEIZAI SHIMBUN in Japanese 24 Dec 94 Morning Edition p 2

[FBIS Translated Text] The Liberal Democratic Party [LDP] on 23 December put an end to internal disputes over treatment of constitutional controversies with the party's "new declaration." But the constitution debates have only clarified LDP members' deep-rooted opposition to President Yohei Kono's management style and its overemphasis on harmony with the Social Democratic Party of Japan [SDPJ]. While both pro- and anti-constitution members had to make concessions in the final draft of the new declaration, party members are now questioning the leadership of Kono, who had to drop his draft declaration. The constitution issue has become a new controversy within the LDP, and, hereafter, the party is likely to undergo a power struggle in preparation for the party convention in January and the presidential election scheduled for next autumn.

The LDP has finally decided to give up its decades-long call for the establishment of an "independent constitution." Following the decision, the draft declaration's clauses on the constitution issue were changed again and again with hot debates between pro- and anti-constitution members. The first draft said revision of the constitution "should be discussed carefully," but the second draft urged that "serious dialogue with the people proceed on a broad front." On 22 December, "active debates" were proposed as a concession.

Former Deputy Prime Minister and Foreign Minister Michio Watanabe and other members, in particular, criticized the LDP's tie-up with the SDPJ and strongly opposed the party leadership's prudent attitude toward revising the constitution, saying: "The LDP will lose its significance if it drops the proposal to revise the constitution. If that happens, voters will see no difference in political posture between the LDP and other parties."

According to a close associate of Watanabe, the move against Kono was partly because Watanabe "wanted to weaken the leadership of Mr. Kono, who does not have strong support from party members."

The Kono-led LDP leadership, however, failed to adequately deal with revision of the party platform. Kono appointed former Deputy Prime Minister and Justice Minister Masaharu Gotoda, the leader of the LDP's pro-constitution groups, as chairman of the LDP research council on fundamental problems of party management. The council's other leaders included such Kono sympathizers as former Labor Minister Hori, who was named acting chairman, and former Health and Welfare Minister Niwa, who was named general secretary. These appointments provoked anti-constitution LDP members, with some saying, "we can see right from the start that the council will oppose revision of the constitution."

Groups of younger dietmen were also frustrated with the research council because it worked out draft declarations without consulting younger members.

After the intra-party conflict over the new declaration, Watanabe and his sympathizers will certainly clarify their opposition to Kono as LDP leader. Younger LDP dietmen, too, are calling for a new-generation of party leadership to replace the "Kono-Gotoda" team.

The new declaration left a large number of party members frustrated, and although Kono promoted the new declaration as the finishing touch to his party reform efforts, it actually worsened friction within the party. This may cast shadow over Kono's strategy for his reelection as party leader.

LDP Policy Weakens Constitutional Revision Call

OW2312133694 Tokyo KYODO in English 1220 GMT 23 Dec 94

[FBIS Transcribed Text] Tokyo, Dec. 23 KYODO—The decision-making body of the Liberal Democratic Party (LDP), the largest bloc in the three-party ruling coalition, on Friday [23 December] endorsed a draft new basic policy declaration that tones down the party's decades-long call for the establishment of an "independent constitution" to replace the one drafted under U.S. occupation after World War II.

Instead of calling for "active" debate over the Constitution as proposed in an earlier version, the draft, which now has executive council endorsement, now calls for a "serious debate," an apparent concession to pro-constitution forces in the party, which drew fire from the revisionist camp.

The draft of the "new declaration" urges that "serious dialogue with the people proceed on a broad front in order to accommodate the changing times while standing on such basic principles as pacifism and fundamental human rights."

While the draft statement does not rule out debate on revising the Constitution, analysts suggest that it represents a major shift in the stance of the party which since its formation in 1955 had called for an independent constitution, insisting that the 1946 constitution was imposed by U.S. occupation authorities.

That stance was reaffirmed in a party platform adopted in 1985.

Worded to accommodate both pro-constitution and revisionist forces within the LDP, the declaration remains vague about the party's eventual course.

The declaration was drafted by a party committee chaired by former Justice Minister Masaharu Gotoda, together with a proposal for revised party ideals and a formal new party platform.

The changes in the draft triggered hot debate within the party.

The draft and proposed policy changes will be adopted at the party convention Jan. 19.

Group Urges New Public Works' Bidding System

OW2612134894 Tokyo KYODO in English 1307 GMT 26 Dec 94

[FBIS Transcribed Text] Tokyo, Dec. 26 KYODO—An expert study group urged the Construction Ministry on Monday [26 December] to abolish a joint surety system for public works projects which has been criticized as a source of bid-rigging.

The system requires construction companies participating in bidding for public work projects to set another construction company as a joint surety who will complete the order if the original contractor cannot due to such reasons as bankruptcy.

The group recommended that the ministry introduce a new system under which a nonlife insurance company, rather than another construction company, offers guarantees in terms of either money or completion of the project, the officials said.

For example, a construction company would buy a letter of guarantee issued by a nonlife insurance company to have the insurer pay up to 10 percent of the total project costs to the public sector in the event of complications.

The money would be used for retendering the unfinished project.

The group recommended that the public sector should have a choice between a money guarantee or completion of the work in progress when a constructor is chosen through bidding.

The Construction Ministry will examine the recommendations and decide by the end of March, the officials said. The ministry hopes to introduce a new system within fiscal 1995, which starts in April.

MCA To Probe Bidding System

OW2812122494 Tokyo KYODO in English 1157 GMT 28 Dec 94

[FBIS Transcribed Text] Tokyo, Dec. 28 KYODO—The Management and Coordination Agency [MCA] said it will examine how public works projects are ordered by the central government and government-backed special organizations over a three-month period from January to see whether they are open and fair.

The agency will also study the progress made in streamlining Japan's distribution systems, agency officials said.

The designated bidding system for ordering public works has been the target of criticism because it is allegedly often linked to bid-rigging among construction companies.

The agency will see whether bidding to undertake public works projects is conducted in a fair and open manner, focusing its investigation on whether the criteria for choosing bidders are clear and whether the results of bidding are published.

It will also study how far the open bidding system has been implemented which the government mandated in January for public works over a certain value.

The agency will conduct a similar examination of local governments' bidding systems from April.

In its investigations of distribution systems, the agency will study what kind of streamlining efforts are being made by small and medium-sized wholesalers and retailers amid ongoing deregulation.

Defense Agency Firms Up Restructuring Plan

OW2912082294 Tokyo SANKEI SHIMBUN in Japanese 28 Dec 94 Morning Edition p 3

[FBIS Translated Text] On 26 December, the Defense Agency [DA] firmed up its plan to drastically reorganize its internal divisions, including such changes as subdividing its Bureau of Defense Policy [BDP] and integrating or abolishing the Bureau of Equipment [BOE] and the Bureau of Education and Training [BET]. It will be the first time that the DA will embark on comprehensively restructuring itself ever since it was established in 1954.

The DA plans to make a final decision hopefully by next summer when it submits budget requests to the Finance Ministry in regard to the FY 1996 budget. It plans to set up a study panel in January to start working on details.

The DA's reorganization plan was firmed up at a meeting of its counselors (bureau director general-level officials) held the same day.

At the meeting, it was decided that the DA, for its part, will restructure itself in FY 1996 so that, among other objectives, it can respond to the changing times, including the post-Cold War international situation, and a more efficient management system can be established. Concrete work involved in studying the matter will be conducted by project teams to be set up under a study panel which will be led by the director of the DA Administration Division and which will consist of designated officials from the Ground, Maritime, and Air Defense Forces, the Defense Facilities Administration Agency, and the National Institute for Defense Studies. Each project team will study individual topics.

According to studies conducted so far, the reorganization project will consist of a plan to divide the current BDP into a new BDP, which will handle defense policies, a Bureau of Planning [BOP], which will be in charge of the Self-Defense Forces' [SDF] equipment plans, and a Bureau of Defense Operations [BDO], which will handle matters regarding UN peacekeeping operations (PKO) and the SDF's activities.

Among other ideas suggested in the reorganization project is a plan to abolish the BOE, which is in charge of overseeing defense equipment as well as their development, and reassign its duties to the new BDP, BOP, and other new bureaus; a plan to abolish the BET, which manages joint drills between the SDF and U.S. Forces and the SDF's exercises, and reassign its duties to the new BDO and a new Bureau of Personnel and Education, which will replace the current Bureau of Personnel; and a plan to abolish the Bureau of Finance, which handles the DA's budget and finances.

The current structure of the DA's internal divisions concentrates a considerable workload on the BDP, which is at the center of defense administration. The duties of various bureaus are also intertwined in a complicated manner. As a result, it has been pointed out in some quarters of the DA that the agency itself must be drastically reorganized. The purpose of the reorganization process is "to improve efficiency by arranging things so that processing of work handled by each bureau will be completed there," (as stated by a senior DA official).

In addition to reorganizing its internal divisions, the DA also plans to study the possibility of setting up an "Integrated Information Headquarters" (tentative name), which will be a consolidation of separate intelligence departments currently operating under the BDP and the Ground, Maritime, and Air Staff Offices.

Basic Industrial Restructuring Plan Finalized

OW2812140494 Tokyo NIHON KEIZAI SHIMBUN in Japanese 27 Dec 94 Evening Edition p 2

[FBIS Translated Text] On the morning of 27 December, the government convened a meeting of the "Headquarters on Industrial Restructuring and Employment" (with

Prime Minister Tomiichi Murayama as chairman) at the Prime Minister's Official Residence to discuss measures to deal with the problem of industrial hollowing out which has accompanied the progressive appreciation of the yen against other currencies. The headquarters was recently established within the cabinet under Murayama's orders. It was agreed at the meeting that in order to resolve concerns over the hollowing out of industries and the worsening employment environment, efforts will be made to promote measures to restructure industries and fight against unemployment, together as a single project. As a concrete step, the government finalized its "Basic Plan for the Future Regarding Industrial Restructuring and Employment," which incorporates the following points: 1) rectifying and reducing the gap in commodity prices at home and abroad; 2) broadening the economic frontier; and 3) stabilizing employment by building a dynamic labor market.

Firms Cut 128,000 Employees

OW2712132094 Tokyo KYODO in English 1228 GMT 27 Dec 94

[FBIS Transcribed Text] Tokyo, Dec. 27 KYODO—Listed companies slashed about 128,000 employees in the year ended Sept. 30 in their business restructuring efforts, according to a private survey released Tuesday [27 December].

The survey was conducted by Toyo Keizai Inc., publisher of "Japan Company Handbook," on 2,110 companies listed on Japan's eight stock exchanges.

The number of employees at the companies totaled 5,487,858 as of the end of September, down 127,844 from the year before, the survey said. As of Sept. 30, 1993, only 11,260 workers had left the companies during the preceding year, it said.

Of the total, 1,343 companies, or 63.6 percent, slashed the number of employees, while 727 companies, or 34.5 percent, increased the number. Forty firms, or 1.9 percent, maintained their payroll.

By sector, all firms in the broadcasting, telecommunications and brokerage industries cut personnel, with Nippon Telegraph and Telephone Corp. slashing 21,916 workers in the year.

In contrast, Yamato Transport Co. added 3,008 employees, while Tokyo Electric Power Co. and Aoyama Trading Co. boosted 1,193 and 834 employees, respectively.

Steelmakers Adopt New Ways To Manage, Produce

952A0104A Tokyo NIHON KEIZAI SHIMBUN in Japanese 20 Oct 94 p 31

[Article by Akira Hiranuma, Nomura Research Institute Corporate Research Department: "Blast Furnace Revolution in Both Production and Management; Efforts Are To Be Devoted to Items Having Relative Advantages; Undertakings Will Be Selected According to Each Department's Profit and Loss"]

[FBIS Translated Text] *1) Japan's blast furnace industry is often compared to a "mammoth in the ice age," but in reality management revolution is taking place under a thick layer of ice.*

2) Company presidents intend to introduce the kind of management in which future corporate strategies are clearly indicated and the selection of business sectors is judged by free cash flows related to each kind of steel materials, ironworks, and business department.

3) The steel industry will assume the following structural pattern: respective companies will try to resuscitate their businesses under a system allowing them to fully produce the kinds of steel materials with which they have relative advantages over others.

Labor Productivity To Increase by 2.8 Times in Eight Years

Managerial tasks facing the blast furnace industry can be clarified from two perspectives—the production structure and the management system.

The first task in reforming the production structure is to establish a working system with a high operating rate through the introduction of equipment-intensive methods into major ironworks. In 1980, the blast furnace industry had an equipment capacity sufficient to cope with an output of 150 million tons in terms of crude steel production across the nation. It also had 260,000 key iron mill personnel including those working with cooperating companies. It has been and will be forced to take equipment-intensive measures and personnel reductions for 20 years until the year 2,000.

There is a view that, if the yen becomes stronger, indirect steel material exports through automobiles and shipbuilding and direct steel material exports will further decrease by 8 million tons, compared with fiscal 1993. Therefore, from a long-term perspective, there is a strong possibility of consolidating plant and equipment to reduce the production capability from a little over 110 million tons to around 100 million tons in terms of nationwide crude steel production. In addition, initial processes such as cold rolling and surface treatment, which occupy large parts in labor charges are weak in dollar-denominated cost competitiveness. It is necessary to raise their per-line equipment productivity through the concentration of operating lines.

In connection with the use of intensive methods in dealing with excess plant and equipment, attention is drawn to strategies of clearly setting the share of each kind of steel material and its cost target. This way of thinking implies that a group, including affiliated electric furnace steelmakers, selects kinds of items with which the group thinks it has relative advantages over others in price competition and in trade areas and, after the selection, increases the production of the selected items over a long period of time by running its equipment to full capacity. In other words, it implies a measure to further step up each company's salient feature that has been known for some time such as "Kawasaki Steel's plates, Sumitomo Metal Industries' pipes, Kobe Steel's wire rods, etc."

In case of the blast furnace industry, because an entire company's competitiveness is decided by each iron mill's cost competitiveness, there are many people who express negative views about a business amalgamation which simply expands the scale of sales. The industry is rather groping for rebuilding an efficient production structure in the future by making enterprises either barter the kinds of products or buy and sell commercial rights among themselves in order to increase production of items with which they respectively have advantages over others.

Meanwhile, by the end of fiscal 1992, the number of key ironworkers was reduced to 115,000 through the retirement under the age limit and the temporary transfer to other sectors from ironworks, resulting in the increase of the annual crude steel output per key worker by 2.1 times to 540 tons in fiscal 1992, compared with 257 tons in fiscal 1982. In the future, the industry aims to increase per-key worker production by 2.8 times to 1,500 tons over eight years until the year 2,000. This is tantamount to twice as much the labor productivity in terms of crude steel production as that of Pohang Iron and Steel in the ROK, and the number of key ironworkers is expected to be reduced to 50,000 level.

Preparing for Highly Demanded Time by Installing Electric Furnaces

The second task is to reflect on the random higher-class steel material production policy in the past. Avoiding direct competition with imported steel materials and electric furnace products, blast furnace companies have increased the production of items that are high in marginal profits, which are calculated by deducting variable expenses from selling prices, and required complicated technologies to produce them. However, they had to prepare special specifications to meet various demands from automobile and electric machine domains concerning the deep drawing quality, thickness, and breadth. This led to excessive production of large varieties of items but in small quantities, impeding the blast furnace's scale-related advantages of integrated steel manufacturing.

In this context, the industry is now seeking to grasp "real costs" by changing the cost accounting system for steel materials from the method of adding average values by ironworks and production processes to the "cost accounting system by ordered steel material products." Under the new formula, in addition to expenses for developing new steel material products, depreciation amounts related to equipment investment for new steel material products, the cost of the idle time generated by the work of changing steel varieties on the production line, and the cost of the staff working to control the process of pushing in specific steel materials will be added.

Next, under the new formula, negotiations are carried out with customers concerning "appropriate special specification prices" and when the prices exceed the customers' "use values," proposals are made for substitute items which are cheaper and closer to standard to reduce production costs through the consolidation of the varieties of steel.

The third task is to take the measure to install electric furnaces within the blast-furnace integrated ironworks so as to promote "upward production flexibility" to cope with the time of higher demand while ensuring profits required for dividends under the worst business circumstances.

Historically, the blast furnace assumes an aspect in which its production increases or decreases by as much as over 20 percent between the times when the demand is very high and when it hits the bottom. Accordingly, the industry is always engaged in full pig iron production, assigning as many operable blast furnaces as possible exclusively to this job and, when the nationwide crude steel demand stands at 90 million tons, it turns out crude steel with a mixture rate of 98 percent for pig iron and 2 percent for scrap iron. When the demand stands at 100 million tons, it raises the rate of scrap iron to 12 percent. When the demand stands at 110 million tons, it makes efficient use of electric furnaces and pushes up the scrap iron rate to 20 percent.

That is, a mechanism is formed such that it can adjust the rate of operation of electric furnace according to the demand and reduce production without raising steel materials' fixed charges per ton.

As a result, provided that the weak won will not progress further, major Japanese ironworks have the prospect of restoring competitiveness in their race with Pohang Iron and Steel of the ROK with regard to the cost of standard hot coils. Compared with the domestic electric furnaces at present, the costs defrayed by the blast furnaces of Japan's major ironworks are 27 percent cheaper at the stage of factory costs because the electric furnaces' total cost of iron scrap and electricity is higher than the cost of blast furnaces' pig iron. However, compared with Pohang Iron and Steel, though there is no difference at the stage of factory costs, the total cost of Japan's blast furnace ironworks is 19 percent higher because of greater main office expenses, research and development expenses, real interest rates, and the defrayment of the difference in pays for temporary transferees.

Such being the case, the blast furnace industry is likely to lower the total cost of the standard hot coil by 21 percent by fiscal 1996 through the following measures: adoption of intensive equipment methods, key personnel reductions, and consolidation of the varieties of products in the area related to factory costs; organizational slimming, direct distribution of research and development funds in the area related to main office expenses; limiting plant and equipment investments to 60 percent of the depreciation amounts in the area of financial expenses; and transferring the names of temporary transferees from company registers with regard to the defrayment of the difference in pays for temporary transferees.

Business Strategies Are Commanded at "Management Conference"

Assuming more importance than renovating the production structure is the task of renovating the management system; to put it concretely, the task of "enhancing accuracy and promptness of managerial decisionmaking."

The first point at issue is that the speed of adjusting to changes in business circumstances is slow and no progress is made in fundamental structural adaptation unless business performances are driven into the red. Behind this situation are: 1) the top management does not recognize its mediatory role in dealing with bottom-up proposals and fails to take initiative courageously in effecting intensive equipment and reforming the management structure; and 2) the management organization is based on a vertically-oriented system separated by such functions as production, development, sales, and companywide control, and there is no leader commanding management strategies for the iron and steel business.

The second point at issue is the conduct of management thus far based on the premise that funds can be raised any time, with the slim consciousness of the need to control business free cash flows including equipment investment. As a result, during an economic boom, management was structurally inclined to induce excessive investment in terms of funds, with investment plans exceeding companywide cash flows.

The inauguration of the "management conference" and the introduction of the "separate profit-and-loss control for each variety of steel material" are noteworthy as measures to solve aforementioned problems regarding the management system.

The "management conference" is a revision of the conventional executive or managing directors' meeting and consists of the company chairman, president, vice president, and concerned executive or managing directors. It is an organization designed to enable in-depth discussions as to the direction of business by limiting the number of participants. From the operational perspective, the effectiveness of the conference depends on the company president's business-planning competence and the presentation of problems, and what matters much is whether the conference can thoroughly discuss risk factors regarding agenda items.

In addition, on the premise of revision of Antimonopoly Law, the blast furnace executives are planning to transform their enterprises into holding companies and also hoping for the enforcement of the consolidated tax payment and dividend systems. Accordingly, there is a strong possibility in actual business operations that, in a division of the role, the vice president and higher-ranking persons will specialize in the evaluation and selection of business departments while executive directors and those below will undertake the responsibility of making earnings in respective business areas in their charges.

Meanwhile, as to the "profit and loss control by separate variety of steel materials," this is a mechanism designed to concentrate the responsibility on the sales division chief or the head of each variety sector with regard to the following matters: variety-by-variety priority-sales strategies and market share goals, development of new products, selling prices and total costs, and programming for plant and equipment investments. Under the new control system, the person in charge of each steel variety will be able to hammer out a business strategy on his own with "the same sense as held by the company president" and shorten the time for responding to environmental changes.

The concept of the free cash flow control clearly defines the "principle of controlling according to each separate steel material, ironworks, and business department." For example, ironworks are prepared to make a resolute decision to withdraw production of items and consolidate plant and equipment in case the accumulation of free cash flows, including equipment investment, brings them into the red and the deficit continues for a certain period of time. Moreover, an ironworks requires a large-scale reinvestment in each 30 years, and in case the past cumulative free cash flows are not enough for investment funds, the ironworks may consider the reduction of its plant and equipment or the shutdown of its workshops rather than having funds supplied from major ironworks.

Last, the blast furnace industry is challenging the difficult task of establishing multiple complex management along with structural reform of the iron and steel business. In this respect as well, it is judged necessary to streamline undertakings on the initiative of the top management in order to expand the foundation for earnings which are the largest next to those of the engineering business.

North Korea

U.S. Pilot's Written 'Confession' Reported

SK2812233694 Pyongyang Korean Central Broadcasting Network in Korean 2114 GMT 28 Dec 94

[FBIS Translated Text] Chief Warrant Officer Bobby Wayne Hall, pilot of the U.S. Army reconnaissance helicopter [chongchal chiksunggi] that illegally intruded [pulbop chimnip] deep into the territorial airspace of the Republic on 17 December and was shot down by the self-defensive measure of the Korean People's Army

[KPA], has confessed to the criminal act they committed [chagiduri kamaenghan pomjoe haenguirul chabaek haessumnida]. His confession in writing [chabaekso] is as follows:

Confession: I am Chief Warrant Officer Bobby Wayne Hall, Jr., pilot of the surveillance helicopter [kamsi chiksunggi] OH-58A/C of Company A of the 501-4 [as heard] Aviation Battalion [pihaeng taedae] of the 17th Combat Wing [chontu pihaeng yodan] of the U.S. Forces in South Korea, which illegally intruded deep into the DPRK territorial airspace and was shot down by the self-defensive measure of the KPA around 1045 on 17 December 1994. My Army serial number is 267351263. I was born in Brooksville, Florida, United States, and am 28 years old. I joined the Army on 4 October 1984. I finished a one-year flying school course in the U.S. state of Alabama in June 1990. I participated in the Gulf war as a surveillance helicopter pilot and carried out a reconnaissance flight mission.

I received flight training in the state of Texas from 1 April 1994 to the end of October 1994 to come to South Korea, and was dispatched to South Korea in early November.

After arriving in South Korea, I carried out reconnaissance flight [chongchal pihaeng] missions on a number of occasions as a surveillance helicopter pilot.

I left Chunchon airport on 17 December 1994, flying westward via the location of Sohyanggang Dam 0295 Sinnamdae, 0418 No. 84 location, Yongchon 3928 No. 84 locations, and received an instruction on carrying out a surveillance reconnaissance mission [kamsi chongchal immu] returning to Chunchon flying eastward again from No. 32 location, Chongok-ri 1230.

After being given the flight mission, I made a pre-flight check, boarded an OH 58A/C 7120796 surveillance helicopter with co-pilot Chief Warrant Officer David Michael Hilemon, and took off from Chunchon airport at 1000.

Flying along the air route, we deviated from the designated air route [chijongdoen hangnorul posona] at the Wongtong-ri at the Wontong-ri border and crossed the Military Demarcation Line [MDL].

We illegally intruded deep into the DPRK territorial airspace and were shot down in the air above the area of Ipo-ri, Kumgang County, Kangwon Province by the self-defensive measure of the KPA. The helicopter was wrecked [hyongchega opsojossumnida] owing to the fire that occurred when it was shot down and the damage caused by the collision with the steep mountain slope.

When the helicopter crashed, David Michael Hilemon bolted out [ppuryonawa] of the helicopter and died on the spot, and I was arrested by the soldiers of the KPA.

That we intruded deep into the DPRK territorial airspace was a grave infringement on the sovereignty of the DPRK [choson minjujuui inmin konghwagugui chajukkwone taehan omjunghan chimhaeimyo] and a wanton violation [nanpokhan wiban] of the international law. I regard this act of intrusion as a grave challenge [omjunghan tojon] to the KPA. I admit that this act of intrusion we committed cannot be excused by anything and that it is an intolerable crime [uriga chojirun irohan chimbom haengwinun kumuosulosodo pyonmyong halsu opsumyo yongso padulsu omnun pomjoero toendago injong hamnida].

However, at home, my parents, wife, and children are eagerly waiting for me to return. I pledge [tajim hamnida] that I will never commit an act against the DPRK. I beg [aewonhamnida] the KPA side to generously forgive me for my act of illegal intrusion and allow me to return home to my parents, wife, and children as soon as possible.

[Signed] Chief Warrant Officer Bobby Wayne Hall, pilot of a helicopter of U.S. Army 501-4 Flight Wing A Company.
[Dated] 25 December 1994.

KCNA Carries Report

SK2912042994 Pyongyang KCNA in English 0423 GMT 29 Dec 94

["Downed U.S. Copter Pilot Admits Illegal Intrusion, Asks KPA To Leniently Forgive Him"—KCNA headline]

[FBIS Transcribed Text] Pyongyang, December 29 (KCNA)—Chief Warrant Officer Bobby Wayne Hall, a pilot of the downed U.S. military helicopter, in his confession December 25 admitted his illegal intrusion and asked for lenient forgiveness.

The helicopter OH-58A/C was shot down by self-defense measures of the Korean People's Army [KPA] after illegally intruding deep into the territorial airspace of the DPRK on December 17.

The confession written by Bobby Wayne Hall II, who belongs to a company, 4th Battalion, 501st Aviation, 17th Aviation Brigade, U.S. Army stationed in South Korea, has been published today.

When the helicopter crashed his co-pilot Chief Warrant Officer David Michael Hilemon died on the spot.

Bobby Wayne Hall in his confession said that since his arrival in South Korea at the beginning of November 1994, he has carried out reconnaissance flight missions on several occasions and that on December 17, 1994 he was carrying out a mission to fly on an observation reconnaissance.

He continued in his confession:

"Our intrusion deep into the territorial airspace of the DPRK is a grave infringement upon the sovereignty of the DPRK and a flagrant violation of international law.

"I believe that such an intrusion is a grave challenge to the Korean People's Army.

"I admit that this criminal action is inexcusable and unpardonable. However, at home my parents, wife and kids are anxiously waiting for my return to them.

"In the future I shall never commit such an unlawful act against the DPRK again.

"I only hope, and it is my desire, that the Korean People's Army will leniently forgive me for my illegal intrusion so that I may return to my home and be with my family again."

'Full' Confession Published

SK2912044694 Pyongyang KCNA in English 0433 GMT 29 Dec 94

["Confession of Downed U.S. Copter Pilot"—KCNA headline]

[FBIS Transcribed Text] Pyongyang, December 29 (KCNA)—The confession written on December 25 by Chief Warrant Officer Bobby Wayne Hall, a pilot of the U.S. military helicopter which was shot down after illegally intruding deep into the territorial airspace of the DPRK on December 17, has been published.

The confession reads in full:

Confession

I am Chief Warrant Officer 2, Bobby Wayne Hall II, a pilot of an OH-58A/C with a company, 4th Battalion, 501st Aviation, 17th Aviation Brigade, U.S. Army stationed in South Korea, which was shot down at around 10:45 A.M. on the 17th December 1994 by the Korean People's Army's [KPA] self-defense measures, after illegally intruding deep into the territorial airspace of the Democratic People's Republic of Korea.

My service number is 267-35-1263. I was born in Brooksville, Florida, U.S.A. I am 28 years old.

I entered the Army on 4 October 1984. I graduated flight school in Alabama on 6 June 1990 after one year study there, and I took part in the Gulf war, and carried out reconnaissance flight missions as a pilot of the observation helicopter.

I arrived in South Korea at the beginning of November 1994 after receiving flight training in Texas from 1 April 1994 to the end of October 1994 in preparation for being sent to South Korea. Since my arrival in South Korea I have carried out reconnaissance flight missions on several occasions as a pilot of an OH-58A/C.

On 17 December 1994 I received a mission to fly on an observation reconnaissance from Chunchon—northeast dam—cp choke—abeam 84—west—abeam 32 back to Chunchon.

Having received the mission, I made a preflight check of the aircraft. Then me and my co-pilot Chief Warrant Officer 2 David Michael Hilemon boarded the observation helicopter OH-58A/C whose serial number is 71-20796 and took off at 10:00 A.M.

We flew along the planned route as far as Wontong, where we deviated from the route and flew across the Military Demarcation Line. And then we illegally intruded deep into the territorial airspace of the DPRK, and we were shot down over the area of Ipo-ri, Kumgang County, Kangwon Province, by the self-defense action of the KPA.

When the helicopter was shot, it caught fire and crashed into a steep mountain and was burnt to the ground. When the helicopter crashed Chief Warrant Officer 2 David Michael Hilemon was thrown from the aircraft and died on the spot. I was captured by the soldiers of the KPA.

Our intrusion deep into the territorial airspace of the DPRK is a grave infringement upon the sovereignty of the DPRK and a flagrant violation of international law.

I believe that such an intrusion is a grave challenge to the Korean People's Army.

I admit that this criminal action is inexcusable and unpardonable. However, at home my parents, wife and kids are anxiously waiting for my return to them.

In the future I shall never commit such an unlawful act against the DPRK again.

I only hope, and it is my desire, that the Korean People's Army will leniently forgive me for my illegal intrusion so that I may return to my home and be with my family again.

[Signed] Bobby Wayne Hall II

CW2 pilot a company

4-501st Aviation U.S. Army

[Dated] 25 December 1994

Vice Foreign Minister Kang Meets U.S. Delegates

SK2912131594 Pyongyang Korean Central Broadcasting Network in Korean 1305 GMT 29 Dec 94

[FBIS Translated Text] On 29 December, First Vice Foreign Minister Kang Sok-chu met with a delegation of the U.S. Administration led by Thomas Hubbard, deputy assistant secretary of state for East Asian and Pacific affairs, and held talks with it.

Article Urges Pullout of U.S. Troops From ROK

SK2912050594 Pyongyang KCNA in English 0448 GMT 29 Dec 94

[FBIS Transcribed Text] Pyongyang, December 29 (KCNA)—The chairman of the U.S. Japan Policy Study Association, Johnson, in an article contributed to LOS

ANGELES TIMES December 20, said the United States must totally withdraw its troops from South Korea, ridding itself of the thinking pattern and action of the Cold War era on the Korean peninsula.

Referring to the recent downfall of a U.S. Army helicopter, he noted that since the Cold War system was removed, the United States has found no reason to interfere in a state of confrontation between the North and the South of Korea.

He held that the United States must withdraw all the ground forces because if it keeps its troops in South Korea, it will be impossible to keep them under control and refrain from meddling in the reunification question of the Korean peninsula.

Antinuclear Committee Criticizes ROK Dump Plans

SK2912035294 Pyongyang Korean Central Broadcasting Network in Korean 2200 GMT 28 Dec 94

[FBIS Translated Text] The Korean Anti-Nuclear Peace Committee issued the following statement denouncing and rejecting the maneuvers of the South Korean puppet clique for building a nuclear waste dump near the coast of our side.

The statement of the Korean Anti-Nuclear Peace Committee:

The South Korean puppet clique is maneuvering these days to build a nuclear waste dump on Kurop Island in Tokchok-myon, Ongjin County, Kyonggi Province south of the Ongjin peninsula near the territory of our side. At the meetings of the Radioactive Waste Management Promotion Committee and the Atomic Energy Committee, which the puppet prime minister and deputy prime minister attended on 22 December, they decided that Kurop Island will be the site of a nuclear waste dump and officially announced it. That the South Korean puppets decided to dump nuclear waste on an island near the Military Demarcation Line [MDL] is another new grave provocation against us. As has already been known, in South Korea, Ulchin County, North Kyongsang Province; Yangsan County, South Kyongsang Province; Changhung County, South Cholla Province; and Anmyondo, South Chungchong Province were discussed as the possible site of a nuclear waste dump. However, they ran against strong opposition from the residents of the relevant areas, and the decision remained undecided for as long as six years. Because of the criminal nuclear development maneuvers of the South Korean puppets, an irrevocably grave situation is created in South Korea today.

According to an official announcement of the South Korean authorities, nuclear power stations produce large quantities of nuclear waste every year, but they are at a loss on how to dispose of it with no dumping ground. Much perplexed, the puppet is seeking a way out in building a nuclear waste dump near the coast of our side.

We consider that the South Korean puppets' decision to build the deadly nuclear waste dump near our side's coast is one more grave hostile act against us and a premeditated provocation to aggravate North-South confrontation.

Even the notorious military gangsters in the past dared not build a nuclear waste dump near our side but sought its site on the southern coast or an island far away from the MDL.

The traitor Kim Yong-sam, however, decided to build a nuclear waste dump near the coast of our side. This shows that he is a heinous traitor to the nation who runs more recklessly than the preceding military fascist dictators.

As is known, the South Korean puppet clique has long since promoted in secret the development of nuclear weapons and indiscreetly dumped the waste, devastating and contaminating the ground, the rivers and the sea of South Korea and reducing the whole of South Korea to a land of death.

It is widely known a fact that due to the contamination by nuclear waste in South Korea schools of fish died in the sea, the sea culture sites were destroyed, women gave birth to deformed babies and many people died of unknown diseases.

As if this nuclear disaster were not enough, the puppets are scheming to extend it to the northern half of the country and inflict nuclear scourge on the northern people. Is there any more heinous treachery to the nation?

The traitor Kim Yong-sam is a villain and nuclear war-maniac of the worst type without the blood of the nation and elementary human conscience.

The Korean Anti-Nuclear Peace Committee strongly denounces the Kim Yong-sam group's plan to build a nuclear waste dump near the coast of our side, branding it as an unpardonable criminal act to make the northern half a victim of nuclear waste.

The South Korean ruling bunch should immediately stop the anti-national crime of building a nuclear waste dump on Kurop Island. If the South Korean authorities do build a nuclear waste dump near the coast of our side, they will be held totally responsible for the grave consequences arising therefrom.

[Dated] 28 December 1994, Pyongyang.

More on Peace Committee Statement

SK2812214894 Pyongyang KCNA in English 1518 GMT 28 Dec 94

["S. Korean Rulers Must Immediately Renounce Criminal Project of Nuclear Waste Dump; Statement of Korean Anti-Nuke Peace Committee"—KCNA headline]

[FBIS Transcribed Text] Pyongyang, December 28 (KCNA)—The South Korean rulers must immediately give up the anti-national criminal plan of building a nuclear waste dump on Kulop Island.

If the South Korean authorities build the dump near the coast of the North side, they will have to bear full responsibility for the grave consequences arising therefrom.

This warning is served in a statement issued today by the Korean Anti-Nuke Peace Committee denouncing the scheme of the South Korean puppet clique to build a nuclear waste dump on Kulop Island in Tokjok-myon, Ongjin County, Kyonggi Province, near the coast of the North side.

The statement says: At meetings of the "Radioactive Waste Management Promotion Committee" and the "Atomic Energy Committee" separately convened by the puppet prime minister and deputy prime minister on December 22, Kulop Island was designated as the site for a nuclear waste dump and this was officially announced.

The South Korean puppets' decision to dump nuclear waste in an island near the Military Demarcation Line is another grave provocation against the North.

Their criminal nuclear development has created an irrevocably grave situation in South Korea.

According to an official announcement of the South Korean authorities, nuclear power stations produce large quantities of nuclear waste every year, but they are at a loss how to dispose of it with no dumping ground.

Much perplexed, the puppet seek a way out in building a nuclear waste dump near the coast of the North side.

We consider that the South Korean puppets' decision to build the deadly nuclear waste dump near the coast of the North side is one more grave hostile act against the North and a premeditated provocation to aggravate North-South confrontation.

Even the notorious military gangsters in the past dared not build a nuclear waste dump near the North side but sought its site on the southern coast or an island far away from the Military Demarcation Line.

The traitor Kim Yong-sam, however, decided to build a nuclear waste dump near the coast of the North side. This shows that he is a heinous traitor to the nation who runs more recklessly than the preceding military fascist dictators.

As is known, the South Korean puppet clique has long since promoted in secret the development of nuclear weapons and indiscreetly dumped the waste, devastating and contaminating the ground, the rivers and the sea of South Korea and reducing the whole of South Korea to a land of death.

It is widely known a fact that due to the contamination by nuclear waste in South Korea shoals of fishes died in the sea, the sea culture sites were destroyed, woman gave birth to deformed babies and many people died of unknown diseases.

As if this nuclear disaster were not enough, the puppets are scheming to extend it to the northern half of the country and inflict nuclear scourge on the northern people. Is there any more heinous treachery to the nation?

The traitor Kim Yong-sam is a villain and nuclear war-maniac of worst type without the blood of the nation and elementary human conscience.

The Korean Anti-Nuke Peace Committee strongly denounces the Kim Yong-sam group's plan to build a nuclear waste dump near the coast of the North side, branding it as an unpardonable criminal act to make the northern half a victim of nuclear waste.

ROK's Tax Misappropriation Incident Reported

SK2912101394 Pyongyang KCNA in English 1005 GMT 29 Dec 94

["Symptom of Ruin of Treacherous 'Regime'"—KCNA headline]

[FBIS Transcribed Text] Pyongyang, December 29 (KCNA)—The misappropriation of money collected in taxation by "government officials" exposed in an unbroken chain is a symptom of the ruin of the Kim Yong-sam treacherous "regime", says NODONG SINMUN in a commentary today.

Tax scandals of "government officials" have been uncovered in 196 cities, counties and districts out of a total of 259 throughout South Korea.

Branding this as a product of the treacherous rule of the Kim Yong-sam group, the analyst says: When taking power, Kim Yong-sam blared that he would stamp out corruption and irregularities. But he has taken no step, only seeking dependence on foreign forces, inter-Korean confrontation and fascistisation of society.

The "declaration of properties by high-ranking officials" and "the system of using real names in financial transactions" allegedly designed to liquidate corruption and irregularities produced no result, only causing social turmoil.

As can be seen in the recent endorsement of the plan of the Samsung Heavy Industries Co., Ltd. to produce "Nissan" automobiles, the traitor Kim Yong-sam, steeped in money-making, involved himself in interests and emptied the public purse to fill his own pocket.

Such being the situation, the privileged clan and the "government officials", stooped to any infamy in corruption and, in the end, low ranking "officials" of city, county and district offices began misappropriating money collected from the population in taxes.

The current tax scandals in South Korea are obviously symptom of the ruin of the present "regime".

The Kim Yong-sam "regime" is approaching its doom, giving off a rancid smell.

Groups Urge Repatriation of ROK Prisoners

SK2812151094 Pyongyang KCNA in English 1503 GMT 28 Dec 94

[FBIS Transcribed Text] Pyongyang, December 28 (KCNA)—Uoisele Rabesahal [spelling of name as received], general secretary of the Party of the Congress for the Independence of Madagascar, in a recent statement urged the South Korean authorities to immediately return Kim In-so, Ham Se-hwan and Kim Yong-tae, the unconverted long-term prisoners kept in South Korea, to the north, saying that their repatriation to the North according to their hope and international law is natural and just.

The Russian Committee for the Promotion of the Repatriation of Kim In-so, Ham Se-hwan and Kim Yong-tae, the Central Committee of the Communist Youth League of Russia, the Ghanaian National Institute of the Chuche Idea, the Kim Il-song Institute of Agricultural Science in Guinea and the Spanish Association for Friendship and Solidarity with the Korean People sent letters to the South Korean authority and the South Korean Red Cross, demanding the repatriation of the unconverted long-term prisoners from South Korea.

In the letters they said the continued detention of the old men, Kim In-so, Ham Se-hwan and Kim Yong-tae, who should have already been repatriated as prisoners of war under international law, is entirely unreasonable and is an open violation of elementary human rights and freedom.

They urged the South Korean authorities to immediately return the old men to their families and relatives in the northern half of Korea.

Council of Public Works Inaugurated in ROK

SK2912100894 Pyongyang KCNA in English 1001 GMT 29 Dec 94

[FBIS Transcribed Text] Pyongyang, December 28 (KCNA)—The Council of Representatives of Labor Unions of Public Works, an umbrella organisation of the labor unions of public works, was reportedly inaugurated in South Korea.

The council embraces more than 140 labour unions of public works.

At a press conference after the inaugural meeting, the council declared that the 200,000 workers of public works organised the council in order to fight for the ensurement of the three rights of labor and wage hike because they can no longer be made victims of the "government's" suppression of labor union activities and its wage control policy.

Roundtable Views 'Crimes' of Kim Yong-sam

SK2912143494 Pyongyang Korean Central Broadcasting Network in Korean 0630 GMT 27 Dec 94

[Second of three installments of roundtable with Cho Chung-han, counselor of the Secretariat of the Committee for the Peaceful Reunification of the Fatherland; Yi U-kap, member of the Consultative Council of Former South Korean Politicians in the North for the Promotion of Peaceful Reunification; station commentator Chong Pong-kil; and station reporter Kim Sang-won: "Nation Will Deal Hard Blow to Unparalleled Traitor Kim Yong-sam"]

[FBIS Translated Text] [Kim Sang-won] How are you?

[All others] Fine. How are you?

[Kim] Last time, we talked about the anti-reunification and anti-national crimes committed by the South Korean puppets who aggravate North-South relations and oppose reunification.

[All others] Yes. That is right.

[Kim] This time, we are going to talk about the disaster the Kim Yong-sam ring has forced upon the South Korean people by carrying out a rule of brutal oppression.

[All others] That is right.

[Chong Pong-kil] This year, the Kim Yong-sam ring has created a warlike atmosphere of terror in South Korea, carrying out a new security-oriented rule under the cloak of a civilian-ruled government. Also, they have brutally wielded knives against the South Korean people who call for independence, democracy, and reunification.

[All others] That is right.

[Chong] Therefore, their crimes are very grave and cannot be forgotten.

[All others] That is right.

[Yi U-kap] A wolf cannot be a lamb. The Kim Yong-sam ring, which is rooted in the military fascist dictatorial governments of the Fifth and Sixth Republics, has no alternative but to carry out a fascist murderous rule. In fact, the Kim Yong-sam ring is now strengthening the fascist system of oppression, which is more brutal than that of the military dictatorship, disregarding their commitments that they will not carry out the so-called politics of torture and will carry out reforms, disregarding them just as one would throw away an old hat. From the outset of this year, the South Korean people have strongly raised their voice to call for the abolition of the National Security Law, an anti-reunification fascist evil law, and for the disorganization of the Agency for

National Security Planning [NSP]. Nevertheless, the puppets have insisted they will not abolish the National Security Law nor dissolve the NSP, saying persons who call for their abolition are boring. By so doing, they have continued to make efforts to maintain them, further reinforcing their oppressive instruments and equipment.

[All others] That is right.

[Chong] To suppress the South Korean people's struggle to demonstrate, the puppets have formed a special riot unit made up of professional policemen armed with special equipment—including gas guns, rubber bullet guns, and guns of anesthesia—in addition to riot police and compulsory service police units. This has been proven by the fact they have organized citizens's volunteer police and have decided to provide them with equipment; they have also allowed police to use Israeli-made water guns [muldaepo] against demonstrators as well as to use [word indistinct] clap, which is 35cm longer than a liquefied gas spray [kkasu punsagi].

[All others] That is right.

[Chong] Nevertheless, the Kim Yong- sam clique, which will not be satisfied with this, has ordered a reinforcement of police equipment, using parts of the budget from other areas.

[All others] That is right.

[Yi U-kap] Also, the fascist clique has further increased the degree of its suppression of the people.

[All others] That is right.

[Yi] In August, the Kim Yong-sam ring not only deployed police troops equal to one division during the Seoul Pannational Rally, a reunification festival, in order to prevent it from being held, but also spread several tonnes of tear gas in the area. By so doing, it brutally suppressed participants in the rally. Furthermore, it gave approximately 500 million won to a government-patronized university president to have him make remarks regarding chuche followers. On occasions like this, the fascist clique does not hesitate to commit heinous atrocities to destroy chuche followers and reunification and democratic forces.

[All others] That is right.

[Yi] Furthermore, the Kim Yong-sam ring has brutally and viciously suppressed the South Korean people, who want to share sorrow with their fellow countrymen, pointing guns at them instead of expressing [word indistinct]. This is the greatest crime committed by them.

[All others] That is right.

[Cho Chung-han] At that time, mobilizing police troops, they arrested democratic figures who wanted to visit the North to express condolences. They also demolished the biers and incense burning sites, and committed violence in succession by making surprise assaults at various universities. This is an act that can be committed only by savages, no more than animals, who disregard basic humanity and morality.

[All others] Okay.

[Cho] The Kim Yong-sam fascist clique has spent this year bitterly suppressing people who call for freedom, democracy, and reunification as well as workers and farmers who are struggling for their lives.

[All others] That is right.

[Chong] The following figures will show how hard the puppets' suppression of the people were. According to data submitted to the National Assembly by the puppet Police Office during the National Assembly session, from January to July 1994 approximately 1,741,300 riot policemen were deployed to crack down on demonstrations and rallies. Of these, approximately 313,800 riot policemen were deployed to crack down on demonstrations at universities; approximately 64,000 were deployed to crack down on workers' demonstrations. Also, they fired various 52,727 single-shot tear gas shells and 173 multi-shot [Tayonbal] tear gas shells until 15 August in order to crack down on demonstrations.

[Kim] During 1993 alone, the puppets fired approximately 30,145 tear gas shells.

[Chong] That is right. In this respect, we can easily assess how hard the Kim Yong-sam ring has tried to suppress the people this year.

[Kim] Yes, you are right.

[Chong] Because of the Kim Yong-sam fascist clique's suppressive plots, which would put the former dictators to shame, South Korea has fallen into [word indistinct] today where human rights are indiscriminately trampled upon. Also, the people are falling down, shedding their blood before the rule by guns and knifes.

[All others] That is right.

[Cho] South Korea's HANGYORE SINMUN reported that the new security-oriented political situation in 1994 is more harsh than that of 1989. Also, the number of arrested figures in 1994 is much greater than that in 1989. A professor at Hanyang University stated that South Korea has no politics, and only violent acts are widely committed. He also stated that South Korea is a primitive society of hate and horror where abnormal situations and uncommon sense run rampant. I do not believe this a coincidence.

[All others] That is right.

[Chong] Even though the Kim Yong-sam clique has worn the mask of a civilian government, it is indeed a fascist murderous clique more brutal and vicious than the former military fascist dictators.

[All others] That is right.

[Chong] Today, democracy and the protection of human rights are regarded as the people's universal demand. Therefore, we can say it is shameful for mankind to see the existence of a ruinous zone of democracy like South Korea on earth, as well as the fascist tyrant who lives and breathes there.

[All others] That is right.

[Chong] In conclusion, we cannot think about independence and democracy in South Korea as long as the Kim Yong-sam clique exists. Also, we cannot achieve national reunification. Therefore, the fellow [nom] should be resolutely removed [chego toeoyahanda].

[All others] That is right.

[Chong] This is the living experience the South Korean people gained in their practical life experience. Here is interesting data. Recently, a correspondent in Seoul conducted a survey of public opinion over residents: 92 percent of respondents stated the Kim Yong-sam regime is no less than the former dictatorial regimes. In the survey, they demanded the present regime be overthrown [tado] because it is a dictatorial government. Really, this is a reflection of the people's voice.

[All others] That is right.

[Cho] The Kim Yong-sam clique has worn a so-called horsehair cap of the puppet president, with no more than 30 percent support. A majority of residents demand he be overthrown.

[All others] That is right.

[Chong] Needless to say, many people stated that those who support him must cut off their fingers used for casting votes for him.

[All others] That is right.

[Yi] It is said the voice of the people is the voice of heaven [chonsim]. All South Korean people demand that the Kim Yong-sam clique be overthrown. Therefore, it is inevitable for the Kim Yong- sam clique to receive stern punishment from the people.

[All others] That is right.

[Chong] From a historic point of view, a tyrant cannot last for a long time.

[All others] That is right.

[Chong] We can say the Kim Yong-sam clique's destiny has been already decided.

[All others] That is right.

[Chong] The South Korean people will deal a stern blow to the Kim Yong-sam ring, a murderous bandit ring. Thereby, they will be paid for the blood they shed a thousand and a hundred fold.

[Kim] That is right. Really, I believe the day will come soon. Let us conclude our discussion for today. Next time, we will continue our discussion.

Japan, ROK 'Attempt To Undermine' North

SK2912052394 Pyongyang KCNA in English 0457 GMT 29 Dec 94

["Nothing But Shame To Get"—KCNA headline]

[FBIS Transcribed Text] Pyongyang, December 29 (KCNA)—Japan and the South Korean puppets despicably tried to make the Democratic People's Republic of Korea lose the election of the chairman of the Bureau of the Asia-Pacific Regional Group of the United Nations Educational, Scientific and Cultural Organization (UNESCO). This comes under fire in NODONG SINMUN today.

Japan overreached itself in a despicable attempt to stand for the chairmanship and make the DPRK fail in the election, without taking into consideration the customs, morality and its face, and invited even the South Korean puppets to join it, the news analyst says.

Noting that the DPRK's election as chairman of the Asia-Pacific Regional Group of UNESCO reflects the will of the nations in this region to strengthen solidarity and cooperation among the member nations including the DPRK, the analyst says the arrogant act of Japan and the South Korean puppets has been rejected by many nations in the Asia-Pacific region.

The analyst further says:

Asia is not the same as in the past. The Asian peoples have never forgot the aggression, plunder and human-slaughter by the Japanese imperialists in the past.

The South Korean puppets who had served the United States as its waiting maid only to get a cold treatment have coquettishly hung on Japan's sleeves. But they had nothing to get.

Japan and the South Korean puppets must clearly know that they will only disgrace themselves in an attempt to undermine the prestige and dignity of the DPRK.

Japan Tries 'Trick' To Bury Comfort Women Issue

SK2912053494 Pyongyang KCNA in English 0453 GMT 29 Dec 94

[FBIS Transcribed Text] Pyongyang, December 29 (KCNA)—The Japanese authorities, in a reply to a question raised by communist member of the House of Councillors Haruko Yoshikawa, palavered they "found it difficult to say" that the Japanese imperialists' policy of the "comfort women for the army" was a "violation of international law," according to a recent issue of AKAHATA.

Their cock-and-bull utterances are an overall challenge to the Asian peoples who hope for a solution to the "comfort women" issue in keeping with the demand of international law and a never-to-be- condoned insult to the "comfort women" who were subjected to all manner of humiliation and maltreatment as sex slaves for the Japanese army.

Their remarks are also a wanton mockery of international legal provisions on human rights which confirm the faith in the basic human rights, human dignity and value, the equal rights of men and women and the equal rights of racial majorities and minorities, which cannot but create quite a stir among the world public.

With nothing can Japan deny that its crimes regarding the "comfort women", terrible human rights abuses by dint of government power, is a grave violation of international law in every respect.

Nevertheless, the Japanese authorities are blaring that it was not contrary to international law. This is nothing but a crafty trick to bury in oblivion the unheard-of anti-ethical crimes the Japanese imperialists committed in the past.

Japan would be well advised to make a full apology and compensation for the issue of the "comfort women for the army" as required by the world public and international law, instead of pinning hope on its foolish attempt.

Events Commemorate Cuban Revolution Victory

Photo Exhibition, Film Show

SK2912051894 Pyongyang KCNA in English 0436 GMT 29 Dec 94

[FBIS Transcribed Text] Pyongyang, December 29 (KCNA)—A photo exhibition and film show were held at the Pyongyang International House of Culture on December 28 to mark the 36th anniversary of the victory of the Cuban revolution.

Present on invitation were Cuban Ambassador to Korea Jose Ramon Rodriguez Varona and his embassy officials and other Cuban guests.

Yang Tal-chu, vice-chairman of the Committee for Cultural Relations With Foreign Countries, and Choe Hyon-tok, vice-chairman of the Central Committee of the League of Socialist Working Youth, who are vice-chairmen of the Korea-Cuba Solidarity Committee, and other officials concerned and working people in the city were present.

The participants saw the pictures showing the achievements made by the Cuban people in the revolution and construction under the leadership of the Cuban party and government.

Then, they appreciated a Cuban feature film.

Kim Chong-il Sends Floral Basket

SK2912102394 Pyongyang KCNA in English 1009 GMT 29 Dec 94

[FBIS Transcribed Text] Pyongyang, December 29 (KCNA)—The great leader Comrade Kim Chong-il today sent a floral basket to the Cuban Embassy here on the occasion of the 36th anniversary of the victory of the Cuban revolution.

The floral basket was handed to Cuban Ambassador to Korea Jose Ramon Rodriguez Varona.

Written on the ribbon hanging on the basket are letters reading "Warm congratulations on the 36th anniversary of the victory of the Cuban revolution!"

Offices Send Flower Baskets

SK2912101794 Pyongyang KCNA in English 1007 GMT 29 Dec 94

[FBIS Transcribed Text] Pyongyang, December 29 (KCNA)—A commission and Ministry of the Administration Council and a central organ sent baskets of flowers to the Cuban Embassy in Pyongyang today on the occasion of the 36th anniversary of the victory of the Cuban revolution.

The baskets of flowers in the name of the Ministry of Foreign Affairs, the State External Economic Affairs Commission and the Committee for Cultural Relations With Foreign Countries were handed to Jose Ramon Rodriguez Varona, Cuban ambassador to Korea.

Foreigners Write Poems Praising Kim Il-song

SK2912043194 Pyongyang KCNA in English 0409 GMT 29 Dec 94

[FBIS Transcribed Text] Pyongyang, December 28 (KCNA)—A good many poems highly praising the great leader President Kim Il-song have been written by prominent writers, pressmen and people of various segments of the world.

Nearly 200 poems have been published in the five months since President Kim Il-song passed away.

Among them are "On the Death of the Great Leader," "President Kim Il-song, a National Hero," "We Will Remember Him Always," "The Sun," "Comrade Kim Il-song Is Immortal" and other poems written by Ber Dyshev, professor of Kiev University of the Ukraine; M. U. Agrafonov, a citizen of Russia; B. N. Gangopadhyaya, editor-in-chief of the Indian paper KOLTATA THEKE GRAM RURAL; Luembe Chales, member of the Art Council of Tanzania; Sergio Rubens, member of the Political Commission and secretary of the Central Committee of the October 8 Revolutionary Movement of Brazil; Piedar Bernal Bernal, head of the Symphony Orchestra of Antioquia University of Colombia; V. A. Janpimina, chairman of the elders council of the Moscow Committee for the Promotion of Korea's

Reunification; Badlo Valentin, secretary of the organisational section of the Burkina National Group of the Chuche Idea; Mohammad Aslam Nagi, secretary general of the Lahore branch of the Pakistan-Korea Friendship Association; and Mamadou Kanoute, chief of the Tomi, Mali, Group for the Study of the Chuche Idea.

In their poems they honor the memory of respected President Kim Il-song with deepest reverence, saying that his death is the biggest loss and bitterest sorrow of whole humankind. They sing of the immortal feats performed by the president in human history and his noble virtues in excited tones.

Saying President Kim Il-song will always be with the world people, they express their firm determination to glorify with a loyal heart the revolutionary cause of chuche, the cause of independence, started by him.

Kim Chong-suk's Birth Anniversary Celebrated

SK2912051294 Pyongyang KCNA in English 0445 GMT 29 Dec 94

[All names as received]

[FBIS Transcribed Text] Pyongyang, December 29 (KCNA)—Celebrations were held in different countries on the 77th birth anniversary of Comrade Kim Chong-suk [Kim Il-song's first wife], an indomitable communist revolutionary fighter.

Meetings were held in Moscow and Belgrade.

Nataliya Belokovitova, chairwoman of the Executive Bureau of the Soviet Women's Congress, said in her speech at the meeting:

"Comrade Kim Chong-suk was a revolutionary comrade-in-arms of Comrade Kim Il-song.

"Comrade Kim Chong-suk remained intensely loyal to Comrade Kim Il-song to her last moments since she embarked on the road of revolution at her young age.

"She is a true paragon of world women, who performed great exploits in liberating Korea and building a new Korea.

"She is an outstanding woman revolutionary who firmly ensured the inheritance of the revolution so that the revolutionary cause of chuche started by Comrade Kim Il-song can be successfully accomplished.

"What she wished in her lifetime is brilliantly being carried into effect by Comrade Kim Chong-il, the great leader of the Korean people."

Jovan Stula, chairman of the Union of Progressive Literary Men of Yugoslavia, said in his speech at the meeting:

"Comrade Kim Chong-suk was a heroine of the anti-Japanese struggle who embarked on the road of revolution at her young age, grew in the great anti-Japanese war and pulled her way through the thorny path of revolution.

"The image of the heroine of the anti-Japanese struggle will remain long in the hearts of the Korean people."

Seminars on the revolutionary exploits of Comrade Kim Chong-suk were held by the Malian Group for the Study of Kimilsongism- Kimchongilism and the Group for the Study of the Chuche Idea of Comrade Kim Il-song in South Ruimveldt Gardens, Guyana, and a meeting was co-sponsored in Kampala by the Ugandan National Committee for the Study of the Chuche Idea and the Uganda-DPRK Friendship Association.

The Thai paper SIN CHONG YUAN PAO, the Pakistani paper SIND EXPRESS, the Togolese paper LA TRIBUNE, the Malian paper LA GRIPPE, RADIO CITTA APERTA of Italy and Radio Santarosa of Peru reported about the revolutionary exploits of Comrade Kim Chong-suk.

Kim Chong-il Thanks Working People, Students

SK2912052094 Pyongyang KCNA in English 0439 GMT 29 Dec 94

[FBIS Transcribed Text] Pyongyang, December 29 (KCNA)—The great leader Comrade Kim Chong-il sent thanks to different units, working people and students including the South Hwanghae provincial party committee, the Ministry of Railways Committee of the League of Socialist Working Youth, the Yujong senior middle school in Unsan County, South Hwanghae Province, the war veterans in Anak County, South Hwanghae Province, An Hong-un, an instructor of the University of Science, and his family and Yi Chong-kun, a graduate of the Paekun senior middle school in Sinuiju city, North Pyongan Province, for displaying communist traits for society and the collective.

The number of those who display communist traits for society and the collective is on the increase in the Democratic People's Republic of Korea. They regard thanks from Comrade Kim Chong-il as the highest honour.

Comrade Kim Chong-il also highly estimated Yi Yon-su, general director of the associated bureau of the textile industry, and Kim Pu-il, director of the Political Department of the Kaechon Railway Bureau, who contributed to the implementation of the party policy.

Kim Chong-il Sends Thanks for Show of Unity

SK2412050294 Pyongyang KCNA in English 0411 GMT 24 Dec 94

[FBIS Transcribed Text] Pyongyang, December 24 (KCNA)—The great leader of our party and people Comrade Kim Chong-il, supreme commander of the Korean People's Army, extended thanks to the Changgang County, Chagang Province, committee of the Workers' Party of Korea and other county committees, the North Hamgyong Provincial People's Hospital, the Korean Documentary Film Studio, Yi Kwang-ok residing in Taepung-ri, Chongdan County, North Hwanghae Province, and many other units and working people who had fully displayed the traditional traits of army-people unity.

It is a public morale in Korea that the army helps the people and the people assist the army.

KPA General Officer Praises Kim Chong-il

SK2912060194 Pyongyang Korean Central Broadcasting Network in Korean 0500 GMT 25 Dec 94

[FBIS Translated Excerpts] We will broadcast a soldiers' soiree held on the occasion of the third anniversary of the election of the dear leader Comrade Kim Chong-il as the supreme commander of the Korean People's Army [KPA]. [applause]

Today, all the people throughout the country and officers and men of our People's Army significantly mark the historical day of the election of General Kim Chong-il, the iron-willed commander, who is equipped with knowledge and military quality, as our KPA supreme commander under the solemn circumstances in which they are vigorously advancing under the banner of chuche, the banner of socialism, while upholding the great leader [yongdoja] of our party and people as taught by the fatherly leader.

Marking this significant day, officers and men of our People's Army and people are filled with the burning determination to consummate the chuche revolutionary cause to the end, cherishing the great dignity and honor of upholding the matchless military commander whom the history of mankind has never witnessed as the supreme leader [choego yongdoja] and as the supreme commander our revolutionary Armed Forces and under his wise leadership.

Now, our soiree will begin with a chorus of the KPA ensemble. [passage omitted]

Now I will turn the first microphone of today's soiree to Comrade Chong Chang-yol, KPA general officer [identified by bureau records as vice minister of People's Armed Forces and KPA colonel general]. [applause]

[Begin Chong recording] Already three years have passed since the day when thunder-like hurrah and cheers burst out when the great leader Generalissimo Kim Il-song personally attended the meeting of KPA company political functionaries [chungdae chongchi chidowon] and declared the election of the respected and beloved General Kim Chong-il as the KPA supreme commander.

The election of the respected and beloved General Kim Chong-il, the most distinguished general in the world who is equipped with knowledge, military quality, as well as loyalty and filial piety, and the general of generals, as the supreme commander of our revolutionary Armed Forces is the supreme fortunate and privilege that only our people and soldiers of the People's Army—who are pressed with their leader—can afford to enjoy. [applause]

The long history of our revolutionary Armed Forces has never witnessed the time when our People's Army has been strengthened as we see today. Also, in the long course of its fighting against the imperialists generation after generation it has never achieved in the past such great victory as we see today.

Whenever we witness such realities we keenly feel how great the respected and beloved supreme commander General Kim Chong-il is.

Recently, the respected and beloved supreme commander General Kim Chong-il, noting that the People's Army is the leader's [suryong] army [kundae] and the party's army [kundae], stressed that the People's Army should become the main force [churyokkun] in the accomplishment of the chuche revolutionary cause pioneered and led by the great leader Generalissimo Kim Il-song. [applause]

Let all of us uphold higher the respected and beloved supreme commander General Kim Chong-il, following the lifetime teachings of the great leader Generalissimo Kim Il-song, and more vigorously fight for national reunification and for the final victory of the socialist cause. [applause] [end recording] [passage omitted on speeches by low-level KPA officers praising Kim Chong-il, songs, and other types of performances]

Kim Chong-il's Mode of Politics Viewed

SK2812105794 Pyongyang KCNA in English 1007 GMT 28 Dec 94

["Scientific Exposition of Political Mode of Socialist Society"—KCNA headline]

[FBIS Transcribed Text] Pyongyang, December 28 (KCNA)—The great leader Comrade Kim Chong-il in his famous work "Socialism Is a Science" gave a perfect exposition of the mode of politics of socialist society. In this connection, NODONG SINMUN today comes out with a by-lined article titled "Scientific Exposition of Political Mode of Socialist Society".

In the work, Comrade Kim Chong-il defined benevolent politics as a mode of politics of socialist society.

The article quotes Comrade Kim Chong-il as saying: "Benevolent politics is a traditional mode of politics; its historical root had already been created by the great leader Comrade Kim Il-song in the days of the anti-Japanese revolution and was further deepened and developed by him as the revolution and construction advanced."

Pointing out that Korea successfully established the mode of politics of socialist society long ago under the wise guidance of the respected leader President Kim Il-song and the great leader Comrade Kim Chong-il, the article says:

Comrade Kim Chong-il's benevolent politics is politics of deepest love for and trust in the popular masses.

Love and trust are the essence of politics of our socialist society.

That benevolent politics are a political mode proper to the socialist society is explained by the essential features of the socialist society.

When a socialist system is established, class antagonism disappears and the relations among people are turned into relations of love and trust from those of antagonism and distrust. In the socialist society, love and trust prevail between the social collective and its members and among the individual members of the society. And they are displayed on the noblest level between the leader and his men.

The political mode of love and trust is the most scientific one suited to the essence of the socialist society reflecting the relations of love and trust which are fully displayed in the socialist society.

The political mode whereby love and trust are bestowed upon the people so that they can wholeheartedly uphold the idea and guidance of the party and the leader, the benevolent politics of shaping politics by moving their minds, is the most popular political mode.

The original idea of Comrade Kim Chong-il that benevolent politics is a mode of politics suited to the essence of the socialist society is the most judicious idea based on a scientific analysis of the practical experience of Korea where the advantages of socialism are given full play.

In our country where benevolent politics is enforced, the party faithfully serves the people under the motto "We serve the people!" And the people strive to implement the design and intention of the party and the leader, ready to plunge themselves into fire and water if necessary under the motto "When the party is determined, we can do anything!" This proves that the political mode of love and trust is the only mode of invincible might which brings the advantages of socialism into full play.

People Vow To Remain Faithful to Leadership

SK2512085094 Pyongyang KCNA in English 0815 GMT 25 Dec 94

[FBIS Transcribed Text] Pyongyang, December 25 (KCNA)—South and students and members of the General Federation of Trade Unions of Korea, the Union of Agricultural Working People of Korea and the Korean Democratic Women's Union held meetings to vow loyalty on December 24 on the occasion of the third anniversary of the election of the dear leader of our party and people Comrade Kim Chong-il as the supreme commander of the Korean People's Army.

At the meetings the reporters and speakers expressed their loyal determination to fight for the final victory of the cause of chuche under the wise guidance of respected General Kim Chong-il, cherishing deep in mind the highest honor and pride of holding him at the head of our party, state and Army.

At a meeting at the Pyongyang indoor stadium the reporter and speakers said the election of the dear leader Comrade Kim Chong-il as the supreme commander of the Korean People's Army is a clear expression of the unshakable faith and will of our people and youth and students to creditably accomplish the revolutionary cause of chuche, holding him in high esteem.

They called upon all the youth and students to prepare themselves to be loyal subjects and good sons who share destiny with respected General Kim Chong-il for ever, true to the loyal oath made before the bier of the respected leader President Kim Il-song and the pledge of faith from the bottom of the burning hearts of youth at the 8th congress of the LSWYK [League of Socialist Working Youth of Korea].

Resolutions were adopted at the meetings.

Han Song-yong Dedicates First Phase of Mine

SK2512075894 Pyongyang Korean Central Broadcasting Network in Korean 2100 GMT 21 Dec 94

[FBIS Translated Text] On the third anniversary of the election of the great leader [yongdoja] of our party and our people Comrade Kim Chong-il as the supreme commander of the Korean People's Army, the first-phase construction of the 2 October mine has been completed, and this portion of the mine has begun operations.

This mine, which has been constructed with our strength, our technology, and our materials, is equipped with good conditions for open-air mining; and its production process, including mining, transporting, and mineral ore dressing, will be conducted under a conveyor system of production.

Because the first-phase construction of the 2 October mine has been completed, and this portion of the mine has begun operations, we have been able to develop the country's metal industry; to solidify the base for a self-reliant national economy; and to better accomplish the party's revolutionary economic strategy.

A dedication ceremony to begin the operations of the 2 October mine was held on the spot yesterday [21 December].

Present at the dedication ceremony were Comrade Han Song-yong, member of the Political Bureau and secretary of the Central Committee of the Workers Party of Korea [WPK]; Comrade Kim Yun-hyok, vice premier of the State Administration Council; pertinent functionaries; and construction workers and volunteers.

At the dedication ceremony, Comrade Han Song-yong conveyed a congratulatory message from the WPK Central Committee to the construction workers of the 2 October mine.

In the congratulatory message, the WPK Central Committee warmly congratulated all the construction workers on having guaranteed the operation of the 2 October mine by successfully completing the first-phase construction of the mine, while carrying out a self-sacrificing labor struggle with a high sense of loyalty to the party and the leader [suryong].

The congratulatory message pointed out: With the singlehearted mind to contribute to realizing the party's intention, the construction workers, scientists, and technicians, who have turned out in developing the 2 October mine, have wonderfully carried out the construction of some 40 facilities, such as a (?large) open-air mining workshop, a mineral ore dressing workshop, and a long-range belt conveyor, and have built a modern, large-scale mineral production base, while highly displaying the revolutionary spirit of self-reliance and fortitude and while courageously overcoming the difficulties confronting them.

At the dedication ceremony, (Kim Ung-chil), manager of the mine, delivered a report; and discussions followed.

At the dedication ceremony, a letter of pledge to the great leader [yongdoja] of our party and people Comrade Kim Chong-il was adopted. Then, a red band, which was draped at the entrance of the hall where the dedication ceremony was taking place, was cut. The participants went round the open-air mining workshop and major production facilities of the newly dedicated mine.

Chollima Workshop Leader Pledges Steel Increase

SK2912142194 Pyongyang Korean Central Broadcasting Network in Korean 1200 GMT 26 Dec 94

[FBIS Translated Text] The steelmaking warriors at the No. 1 Steel Workshop of the Chollima Steelworks, who have vigorously risen while upholding the party's revolutionary economic strategy, are forcefully accelerating the steel production nowadays by operating all furnaces at full capacity.

In an interview with (Sonu Sangyol), a correspondent of the Central Broadcasting Network, Comrade (Kim Hong-chu), chief of the No. 1 Steel Workshop, said: [Begin (Kim Hong-chu) recording] The steelmaking warriors at the No. 1 Steel Workshop of the Chollima Steelworks, who have vigorously risen while keeping in their hearts the great leader's noble lifetime intention, are increasing steel production every day by channeling their energy nowadays into maintaining furnaces and carrying out technical management, and by making sure the furnaces operate at full capacity.

As at all other furnaces, all steelmaking warriors—particularly at the Nos. 3, 6, and 7 furnaces—are now producing 1.5 times as much steel as during the corresponding period last year by endlessly introducing advanced melting techniques, with the purpose of producing as much steel as possible from those furnaces and sending it to seething socialist construction sites.

It is our steelmaking warriors' unflinching conviction and their unanimous resolve to uphold with steel the dear comrade leader's far-reaching plan, and to bring such a plan into brilliant bloom. Therefore, all our steelmaking warriors at the No. 1 Steel Workshop are now fiercely kindling the flames to increase steel production at all furnaces, pooling their efforts and wisdom, actively introducing new plans for technical innovation, and mobilizing inner reserves to the greatest extent.

In the future, as befitting the steelmaking warriors of Kangson who have been enjoying more high trust and care from the party than anyone else, we will continue to strenuously wage the struggle to produce steel, thereby shiningly materializing our sincere pledge which we firmed up before the departed soul of the fatherly leader. [end Kim Hong-chu recording]

South Korea

Hubbard Visits DPRK To Aid Hall Repatriation

SK2912093094

[FBIS Editorial Report] The following is a compilation of articles and an editorial published in ROK vernacular dailies on 29 December regarding U.S. Deputy Assistant Secretary of State Thomas Hubbard's visit to North Korea to negotiate for the repatriation of the U.S. Army pilot being detained in North Korea.

The moderate HANGUK ILBO carries on page 3 a 1,200-word article by reporter Ko Tae-song on the ROK Government's position regarding Hubbard's visit. The article reports that although it held "prior consultations with the United States on Hubbard's activities in North Korea" prior to his visit, the government is still uncomfortable because "the visit to North Korea by a high-level U.S. official can be interpreted as a 'political and diplomatic victory' for North Korea, which desires to upgrade the level of negotiations with the United States." The article continues: "The government understands the U.S. position that it cannot but mobilize all means to repatriate the surviving pilot because the key to the solution of this matter is North Korea, and there are not many cards the United States can use since it has admitted the U.S. Army helicopter strayed into North Korean airspace because of pilot error." Reporting that the government seems to have strongly conveyed its view that the "United States must not accept North Korea's demand for the signing of a peace treaty," the article adds: "North Korea is expressing its undisguised intention to establish a permanent channel for political dialogue with the United States after weakening the Military Armistice Commission [MAC]."

The moderate KYONGHYANG SINMUN carries on page 3 a 1,100-word article by reporter Yi Pyong-kwang on the prospects of the Hubbard- North Korea negotiations. The article reports: "While harboring a view that the longer Deputy Assistant Secretary Hubbard stays in Pyongyang, the more unreasonable North Korea's demands are likely to make, the United States strongly expects North Korea will return Hall as a 'gift'." The article also reports that "it is expected North Korea will persistently take the offensive beyond the boundaries of the pilot repatriation issue," such as "demanding early establishment of liaison offices," despite the strong U.S. position that it "will not accept any proposal on security and peace on the Korean peninsula put forward by North Korea during Deputy Assistant Secretary Hubbard's visit to Pyongyang." The article anticipates "North Korea will give full play to its forte—its 'technique of conducting diplomacy through the invitation of relevant figures'—with the high-level U.S. government official" and notes the possibility that North Korea will nominate Vice Foreign Minister Kang Sok-chu or vice minister-level [as published] Song Ho-kyong as Hubbard's counterpart, and will make Foreign Minister Kim Yong-nam take a direct political offensive."

The left-leaning HANGYORE SINMUN carries on page 3 a 900-word editorial entitled "What the North Korea-U.S. Approach Means." Pointing out Hubbard's "hasty visit to North Korea," the editorial wonders "if this is a part of the procedures North Korea is going through for political utilization of the helicopter incident, or if this is an inevitable measure following Chief Warrant Officer Bobby Hall's noncompliance with North Korea's investigation." The editorial criticizes Hubbard's visit to the North as "chiming in with North Korea's policy of weakening the MAC ever since an ROK general was appointed chief delegate to the UN representation to the MAC, and preventing the ROK from intervening in North Korea-U.S. contacts since the nuclear talks began." The editorial also points out changes in the U.S. way of repatriating its citizens from North Korea, noting the United States "allowed no channel but the MAC while negotiating the repatriation of more than 80 crew members" of a U.S. boat [Pueblo] detained by force in North Korea in the past. The editorial hopes Hubbard's visit to Pyongyang will secure the repatriation of Chief Warrant Officer Bobby Hall, and at the same time urges our new diplomatic team to "deeply study what reunification policy it should take to cope with the post-Cold War era that will soon dawn on the Korean peninsula."

The moderate CHUNGANG ILBO carries on page 5 an 800-word article by reporter Kang Yong-chin on North Korea's position on the pilot repatriation issue. The article reports that "North Korea's position on this issue is becoming stronger," noting Pyongyang released to the public Chief Warrant Officer Bobby Hall's confession and strongly denounced the U.S. helicopter's straying into North Korean airspace "as a reconnaissance flight and an infringement upon its sovereignty." The article then reports that "North Korea is trying to weaken the armistice system" as well as "estrange the ROK from the United States."

CHUNGANG ILBO also carries on page 5 an 800-word article by Washington-based correspondent Chin Chang-uk on the U.S. position regarding negotiations with North Korea on Hall's repatriation. The article reports: "The U.S. Government is very unsatisfied with North Korea's demand for an official U.S. apology and the North's delay in repatriating the U.S. pilot." "The United States is reacting hastily to North Korea's attitude." The article also reports: "The U.S. Government feels North Korea's delay in repatriating Chief Warrant Officer Bobby Hall indicates North Korea's Foreign Ministry, which is pursuing an improvement in relations with the United States, is opposed by military circles that strongly disagree with the Geneva agreement."

Ministry on Significance of U.S.-North Accord

SK2912050994 Seoul TONG-A ILBO in Korean 29 Dec 94 p 4

[FBIS Translated Text] Chang Chae-yong, director of the Division of American Affairs at the Foreign Ministry, has spent the busiest year in his 24 years as a diplomat, looking for clues to resolve the North Korean nuclear issue in a joint cooperation system with the ROK and the United States. Although the North Korean-U.S. Geneva agreement provided a basis for the resolution of the North Korean nuclear issue, there has been criticism of the contents of the agreement, which have made him somewhat uncomfortable.

Director Chang said, "The major significance of the North Korean- U.S. agreement is that it provided a basis to completely verify North Korea's nuclear transparency of the past, present, and future, while having North Korea freeze its nuclear development." As for the criticism that too many concessions were given to North Korea, he said, "Since it is the outcome of compromise through dialogue, we should not appraise its parts, but its contents as a whole." Director Chang said that he positively appraises the North Korean- U.S. agreement since it will contribute to peace and security on the Korean peninsula and have a positive influence on progress in North- South dialogue.

As to the criticism that North Korea and the United States are bypassing us to deal directly amongst themselves, Director Chang stressed, "The ROK and the United States have conducted close consultations with each other on all issues. There has never been a circumstance where the United States held secret dealings with North Korea without our knowledge or by ignoring our government's opinion." Director Chang said, "Yet to be fulfilled, North Korea's task of sincerely implementing the North Korean-U.S. agreement is important for the complete resolution of the North Korean nuclear issue." He added, "In particular, progress should be made in inter- Korean relations so that the improvement of

North Korean-U.S. relations, which North Korea desires, may proceed smoothly. At the same time, North Korea should accept the offer for the ROK-type light-water reactors so that the assistance in the installation of light-water reactors may proceed smoothly."

Daily on Who Will Give North New Year's Address

SK2912111094 Seoul SEOUL SINMUN in Korean 29 Dec 94 p 6

[By reporter Ku Pon-yong]

[FBIS Translated Text] We do not know the reason, but there is a theory that North Korea's Kim Chong-il is weak in giving public speeches. This can be clearly seen from the fact that Kim Chong-il, who emerged as North Korea's official successor in 1974, has not made one public speech. The only analect he left at a public meeting was the single remark, "Let there be glory for the heroic officers and men of the Korean People's Army [KPA]!" made at the April 1992 ceremony commemorating the 60th anniversary of the founding of the People's Army.

Therefore, attention is focusing on whether the New Year's Address, which Kim Il-song customarily made at the beginning of each new year when he was alive, will be personally given by Kim Chong- il.

The first New Year's Address by North Korea's supreme leader was made by Kim Il-song on 1 January 1958 when he was the cabinet premier. Since then, Kim Il-song did not miss a single New Year's Address, except from 1966 to 1971 when he was the chairman of the Standing Committee of the Supreme People's Assembly, which is the same as the state leader in accordance with North Korea's Constitution.

Therefore, when almost six months have passed since Kim Il-song's death, Kim Chong-il cannot avoid giving a New Year's Address if he is to carve into the people's minds that he is the "leader [suryong]." In particular, giving a New Year's Address is all the more necessary at a time when he has to persuade the people it is important to change North Korea's position, such as exchanging liaison offices with the United States which was once the "main enemy."

Moreover, 1995 is important for North Korean authorities, marking the 50th anniversary of the peninsula's division and the 50th anniversary of the founding of the Workers' Party of Korea. Even though Kim Chong-il has not succeeded as state president, which is the same as state leader, or as party general secretary, which is the position of supreme power, it is predicted he will personally read the New Year's Address under the name of supreme commander.

Nevertheless, many feel Kim Chong-il will not read this year's New Year's Address. In addition to Kim Chong-il shunning public speeches, there is a high possibility a "proxy" will be used to read the New Year's Address due to reasons such as health.

Recently, in connection with the reasons for the delay in Kim Chong-il's succession to power, a high-ranking government intelligence official analyzed: "Something is wrong with his health, but there is no problem with power." The reason for the delay in his succession is due to his health, in which there are rumors he is suffering from complications of diabetes and liver disease; also, no definite decision has been made yet on where to lay the body of Kim Il-song. If such an analysis is true, there is a high possibility the New Year's Address will be read by an announcer, as was the special 9 November broadcast relating the order for the second phase construction of the Chongnyu Bridge, or by Administration Council Premier Kang Song-san upon authorization of Kim Chong-il.

Of course there are interpretations that the delay in Kim Chong-il's succession of power is due to his failure to seize power. On the surface, North Korean authorities say the reason the supreme position has been left vacant for so long is that North Korea is in "mourning." This is intolerable reasoning that cannot be seen in such successions of power. If this is the case, the New Year's Address will be read by the vice president, the premier of the Administration Council, or the vice premier in the form of an authorization of the party Central Committee, which is a gathering body of the core forces, including Kim Chong-il.

Furthermore, if this year's New Year's Address is eliminated altogether, there are indications a full-scale power struggle is undeway within the North Korean regime.

Official Cited on Plans To Bury Kim Il-song

SK2912050094 Seoul YONHAP in English 0450 GMT 29 Dec 94

[FBIS Transcribed Text] Seoul, Dec. 29 (YONHAP)—North Korea has apparently decided to lay to rest the corpse of Kim Il-song near the Revolutionaries and Patriots Cemetery at Mt. Taesong in a separate memorial hall, a senior government official said Thursday.

Earlier reports had it that the body would be placed at either Kim Il-song's birthplace of Mangyongdae or the Supreme People's Congress Hall at Mt. Kumsu.

The decision is seemingly based on the rationale that the Revolutionaries and Patriots Cemetery can serve to publicize the legitimacy of Kim's anti-Japanese struggle and that its proximity to the Mt. Taesong resort will attract many Pyongyang residents and tourists, according to the official.

The grave of Kim Il-song's first wife, Kim Chong-suk, is also located in the revolutionaries and patriots cemetery.

For the preservation of Kim's corpse, the North Koreans are learning embalming skills from Chinese and Russian experts, and promoting contacts related to regular embalming once a month with the two countries, the official said.

In the meantime, the official speculated that the North's de facto leader Kim Chong-il would effect a sweeping reshuffle of the Workers' (communist) Party Political Bureau to replace many of the Presidium, ordinary and alternate members with his close associates—the second generation of partisans in their 50s.

'Ambassador for International Trade' Designated

SK2912025394 Seoul YONHAP in English 0026 GMT 29 Dec 94

[FBIS Transcribed Text] Seoul, Dec. 29 (YONHAP)—Former Trade Minister Kim Chol-su will be appointed ambassador for international trade in a move intended to help his campaign for the director-general post of the World Trade Organization (WTO) that will be officially launched on Jan. 1, 1995, the Foreign Ministry said Thursday.

Kim, former Minister of Trade, Industry and Energy, was replaced in last week's cabinet reshuffle but his bid for the top WTO post is still on, the ministry said.

It is a three-way race so far with former Mexican President Carlos Salinas and ex-Italian Trade Minister Renato Ruggiero, making Kim's bid more of a regional competition.

The director-general was supposed to be elected this month through consensus but the process was delayed until a March 15 deadline due to the failure to reach agreement.

DLP Plans for 'Massive Personnel Reorganization'

SK2912022394 Seoul YONHAP in English 0057 GMT 29 Dec 94

[FBIS Transcribed Text] Seoul, Dec. 29 (YONHAP)—The ruling Democratic Liberal Party (DLP) is reportedly ready for a major face- lift that would change the party's name and bring a massive personnel reorganization.

The preparations under way for "the second creation of the party" are designed to adapt it to President Kim Yong-sam's call for the DLP's globalization and to get ready for four local elections coming next June.

DLP sources pointed to a great change in the country's politics as the sweeping reforms are likely to affect the present DLP leadership headed by Chairman Kim Chong-pil and the personnel composition, which is now characterized by various factions.

A DLP official noted Thursday that factional feuding, which can be traced back to the merger of three parties in 1990, has been deepening, saying that fundamental reforms must be started to back up the president's call for globalization and change the party completely.

In connection with chairman Kim's leadership, he suggested that the DLP helmsman will be changed, saying "Who becomes party chairman is a trivial matter in the course of reshaping the party."

He noted the need to address problems involving party homogeneity stemming from the conflicting views on policies among various factions and members.

He added that the DLP will strive to eliminate all internal discord over ideology and policy in the course of preparing for its rebirth.

In a related development, the ruling party aims to sort out those forces who have refused to differentiate the present civilian government from past military regimes.

The DLP will convene a full session of the national convention preparatory committee Thursday morning and discuss changing the party's name, revising its constitution and regulations, and altering its symbol and anthem.

Meanwhile, the DLP is also seeking to adopt free and competitive elections for major posts—party chairman, central standing committee chairman, floor leader, local chapter chairmen, and candidates running in local autonomy elections.

DLP Chairman Critical of Party's Reform Plans

SK2912070194 Seoul YONHAP in English 0644 GMT 29 Dec 94

[FBIS Transcribed Text] Seoul, Dec. 29 (YONHAP)—Ruling Democratic Liberal Party (DLP) Chairman Kim Chong-pil has taken a critical attitude toward his party's massive reform plans at its national convention next Feb. 7.

"Is the policy committee now selecting a new party name?" Kim asked chief policy-maker Yi Se-ki at a high postholders' meeting Thursday. "Now that you have decided to change the party's name, go on," he told floor leader Yi Han-tong, showing his displeasure with the scheme.

Sources said Kim's critical remarks came from his judgement that he is being completely left out of preparations for a restructure and amendment of the DLP constitution and regulations now underway in strict secrecy so that the party can make a new start prior to the convention.

On the reported DLP's intention to change its name, opposition Democratic Party (DP) Chairman Yi Ki-taek was also scornful. "Maybe the name will be 'global DLP,'" said Yi, referring to President Kim Yong-sam's recent call for party globalization.

"The DLP can be renamed, but no change will be there," Yi said of the ruling party's presumed second birth.

Turning to the DP's own national convention, Yi praised his own scheme by saying: "The best plan is to hold a national convention next March or April prior to local elections and, once again in August or September, according to the results of the elections. This is so we can prepare for the next general parliamentary election without any failure."

He forecast the convention date would be decided early next year and "the future political atmosphere will focus on local elections."

Creation of New Party in Place of DLP Advocated

SK2912065494 Seoul YONHAP in English 0639 GMT 29 Dec 94

[By Yi Kwang-ho]

[FBIS Transcribed Text] Seoul, Dec. 29 (YONHAP)—President Kim Yong-sam's call for globalization is prompting the ruling Democratic Liberal Party (DLP) to be born again through an extensive reshaping.

Few in the ruling party had ascertained the president's real intentions until DLP lawmakers and local chapter heads gathered at Chongwadae [presidential offices] for a year-end dinner party last Monday. Most had a vague idea the chief executive was only seeking change in the DLP leadership headed by Chairman Kim Chong-pil.

But the revolutionary nature of the presidential directive is finally beginning to sink in. In a nutshell, he is advocating the creation of a completely new party in place of the existing DLP.

Changing the party name is a minor affair aimed at assuring a complete alteration of the DLP, both cosmetically and structurally.

The most noteworthy aspect of the transformation is the proposed reorganization of personnel.

Up to this point, there have been no great changes in the party's framework, under which three major factions have co-existed since the 1990 merger of three political groupings—the Democratic Justice, Democratic and Democratic Republican Parties.

However, the DLP victory in the 1992 presidential election by Kim Yong-sam, who had been chief of the Minju (democratic) faction, only deepened the internal factional feuding as Minju seized power within the DLP.

This year, the party's policy lines and ideology have been denounced many times by former power blocs inside the DLP who played key roles during the preceding military governments.

These conservative and right-wing forces include reps. No Chae- pong, An Mu-hyok, Kwak Chong-chol, Pak Se-chik and Ho Hwa-pyong, all of whom have been critical of the Kim administration's major state policies.

It remains uncertain what the party personnel shakeup will do, but it is likely to be stern and harsh so as to eliminate factional feuding and ideological discord among party members.

One thing is certain: The party will root out heterogeneous elements to dispel the notion of the DLP as "a Kim Yong-sam party."

This process will take the form of crafting a new personnel line- up and presenting to the people a new platform in creating a second inauguration.

Sources in the Minju faction preparing for the national convention, slated for February, noted that the future course of Chairman Kim Chong-pil will then be settled naturally.

A DLP official who belongs to Minju predicted that his party will face immense change that is more revolutionary than the administrative reorganization. "In that situation, who will become the chairman and which faction takes the helm are extremely minor problems."

He maintained that if the party is reborn in a completely new shape, there will be no more talk about factions.

"President Kim is sick of the internal strife and the division into three major factions," he confided.

Another observer said the DLP's recreation is a natural course because it felt a sense of crisis even before the four local elections next June.

In reality, the DLP is in agony over how to seek popular support in the local elections, hamstrung by a lack of leadership capability and political vision.

Core party sources drew up plans for key reforms immediately after Kim Yong-sam was elected to the presidency, but they were withheld for a long time due to the government reform drive and audit-inspection activities.

The party consensus, however, is that massive DLP reforms can no longer be delayed with the local elections looming.

Besides the cited reforms, the ruling party is preparing to try something new, something never seen in the history of the country's ruling parties.

That something is free and competitive elections for major party posts—chairman, central standing committee chairman, floor leader, local chapter chairmen, and candidates running for local autonomy governments as city mayor and provincial governors.

What's more, the party intends to change its mark, logo and anthem.

In spite of all the talk and grand ideas, however, many DLP members are pessimistic about the program.

It is useless, they say, if a revamp only shuffles personnel without any basic structural overhaul.

A lawmaker from the Minjong (democratic justice) faction put it this way: "What the hell is the second creation of the party at a time when former President No's son has been admitted to the party!"

'Jitters' Over Samsung Moving Into Air Industry

SK2912042794 Seoul THE KOREA HERALD in English 29 Dec 94 p 8

[By staff reporter Choe Nam-hyon]

[FBIS Transcribed Text] Samsung Aerospace Industries' recent contacts with major aircraft manufacturers in the world are sending the jitters to Korean air carriers, Korean Air and Asiana, which suspect Samsung may be moving into the air transportation industry. Both Korean Air and Asiana suspect that Samsung contacted Boeing and Airbus last month for the purchase of jetliners from either of the two aircraft manufacturers.

Samsung admits its officials met with their counterparts from Boeing and Airbus, but denies that purchase of airliners was on their agenda. Instead, Samsung says it sounded out the possibility of either Boeing or Airbus joining a Korean-Chinese consortium to develop a 100-seater commuter plane.

Under an agreement between the Korean and Chinese governments on the $1.2 billion project to develop the turbo-fan commuter, a Samsung official said, the consortium is seeking an aircraft manufacturer as a third partner.

"We have dropped the idea of selecting a partner from among Taiwanese, Indian and Singapore companies. We are now talking with Boeing and Airbus about the possibility of either of them becoming our partner," said the Samsung official.

The selection of a third partner, who would have an equity stake ranging from 20 percent to 30 percent in the consortium, must be completed by the end of next March, he said.

This explanation, however, is not convincing to Korean Air and Asiana. Despite its official denial, they suspect Samsung of deliberately dropping hints to the press about its secret plan to launch into the air transportation industry.

Instead, Samsung's plan to purchase a jet for in-house use, not for commercial transportation, and to beef up its commercial helicopter transportation is fueling Korean Air's and Asiana's suspicions.

A Samsung official said his company plans to buy a jet, to transport executives of the Samsung Business Group, from Fokker Aircraft of the Netherlands or any other commuter manufacturer next year. But the jet will be small with a seating capacity of less than 50 seats, the official said, adding that the purchase of a larger aircraft is permitted only for the two licensed air carriers, Korean Air and Asiana. Fokker's Seoul office, however, says the smallest Fokker jet is a 70-seater plane.

Samsung plans to expand its commercial helicopter transportation in urban areas next year. Samsung's helicopters currently move passengers from Chamshil in Seoul to Yongin in Kyonggi Province and from Kimhae International Airport to Haeundae in Pusan.

Depending on government permission, the Samsung official said, his company plans to expand helicopter transportation in Seoul's metropolitan area and other urban areas next year. Samsung assembles helicopters under the license from Bell Helicopter Textron.

"It would be ideal for an aircraft manufacturer if it could offer air transportation services as well. I don't think it would be possible for us, at least not until after unification (of South and North Korea)," the official said.

The official reiterated Samsung's stand that it has no plans of becoming an air carrier. But the official's remarks fall on deaf ears as far as Korean Air and Asiana are concerned.

'"How can we believe Samsung's statement as being genuine? Samsung lied when it said it will not branch out into the production of passenger cars (when it applied for permission from the government to assemble commercial vehicles several years ago)." said an official from Asiana.

The Asiana official was referring to the recent government go- ahead for the Samsung Business Group to import technology from Nissan of Japan and assemble passenger cars. Samsung's application for the government's approval of technology imports invited a strong protest from domestic automakers.

"We have convincing information that Samsung plans to buy midsize aircraft with 200 seats to 250 seats from Boeing or Airbus," the Asiana official said. "We are bracing for each move Samsung makes."

Korean Air also harbors a similar suspicion about the Samsung move. "Samsung appears to be getting too greedy," said a Korean Air official. "No new company must be allowed to become an air carrier. Merger is the order of the day in the air transportation industry in the world."

53 Million Dollars in Taxes Said Misappropriated

SK2912090694 Seoul YONHAP in English 0744 GMT 29 Dec 94

[FBIS Transcribed Text] Seoul, Dec. 29 (YONHAP)—Registration and acquisition taxes embezzled, misappropriated or falling short in collection at 259 administrative agencies across the country, subjected to a one-month special inspection, topped 42,401 million won (about 53 million U.S. dollars).

This was disclosed in the probe's final outcome released Thursday [29 December] by the government's combined Local Tax Irregularities Special Inspection Headquarters, which began investigating 257 city, county and ward offices throughout the nation on Nov. 28.

Some 250 public servants and legal scriveners implicated in tax irregularities at 108 agencies were referred to the prosecution for investigation.

By category, 4,070 million won was embezzled at 92 agencies, 9,408 million won misappropriated at 39 public offices and 28,923 million won fell short in collection at 255 offices.

None of the 259 city, county and ward offices inspected came out clean, indicating wrongdoings involving local taxes are widespread.

Topping the list of agencies involved in tax irregularities were Pusan Haeundae Ward, Seoul Kangnam Ward, Pusan Nam Ward, Taegu Susong Ward, Taegu Puk Ward, Chonju and Wansan cities, Cholla Province, Inchon Namdong Ward, Pusan Puk Ward, Kohung County, South Cholla Province, and Yongchon County, North Kyongsang Province.

The Board of Audit and Inspection has decided to prolong the inspection of 12 agencies, at which tax receipt cross-checking has not been completed.

Indictments for Kim Tae-chung, Others Suspended

SK2712032194 Seoul YONHAP in English 0235 GMT 27 Dec 94

[FBIS Transcribed Text] Seoul, Dec. 27 (YONHAP)—The Seoul District Prosecutor's Office on Tuesday [27 December] suspended the indictment of Asia-Pacific Peace Foundation Chairman Kim Tae-chung and main opposition Democratic Party (DP) Chairman Yi Ki-taek, against whom a complaint had been filed for receiving large sums of political funds in 1992 in return for placing party candidates on the national ticket.

In a complaint filed by former DP lawmaker Son Chu-hang, Kim and Yi, while serving as co-chairmen of the opposition party in 1992, were charged with receiving 20.5 billion won from eight party nominees for the 14th National Assembly elections under the national representation system.

A prosecution official said, "As it has been clearly verified in the investigation that Kim received a huge sum of money in political funds in return for party nomination of candidates, it is unavoidable to charge him with violation of the Political Fund Law. Since Kim left politics immediately after the 14th presidential election and since the incident took place before the Political Reform Law was legislated, it has been decided to dispense with any public action against him."

The official gave similar reasoning for the stay of prosecution against Yi.

The Seoul District Prosecutor's Office also stayed prosecution of Rep. Kim Sang-hyon, adviser to the DP, who received 110 million won in political funding in February 1993, on charges of violating the Political Fund Law.

Explaining the background behind the decisions, a prosecution official said: "Though the processes of giving and taking money differ from each other, the two cases are essentially the same involving the extension and receipt of illegal political funds, a long-standing political practice. It is inevitable to recognize their violation of the political fund law stipulating the provision of political funds only through the central election management committee.

"Now that political funds can be raised through individual contributions and support societies under the Political Reform Law, revised in March last, and in consideration of possible political repercussions when they are prosecuted, however, the prosecution has decided to suspend their indictment."

23.3 Percent Increase in 1993 R&D Spending Noted

SK2912075494 Seoul YONHAP in English 0654 GMT 29 Dec 94

[FBIS Transcribed Text] Seoul, Dec. 29 (YONHAP)—South Korea's total research and development (R&D) expenditure in 1993 stood at 6,153 billion won (7,788.60 million U.S. dollars), a 23.3- percent increase over 1992 but still far behind spending by the United States, Japan and Germany in absolute scale.

With the number of researchers growing 11.3 percent from the year before to 98,764 in 1993, the figure was 22.4 researchers per 10,000, the Science and Technology Ministry announced Thursday [29 December] in a report on R&D activities last year.

The ratio of R&D spending to Gross National Product (GNP) was 2.33 percent, up 0.24 percentage point from the previous year, according to the report.

On an absolute scale, however, South Korea's spending lagged well behind R&D expenditure by advanced nations—1/23rd that of the United States, 1/13th that of Japan and one-seventh that of Germany, for instance.

R&D outlays comprised 1,039 billion won or 17 percent of the total from the government and public sector and 5,114 billion won or 83 percent from private companies.

The total number of researchers were 98,746, or 11.3 percent increase from a year earlier and this was no more than half those of the United States and Japan in their numbers per every 10,000 people. Of the research manpower, women accounted for 6,570, up 14. 3 percent from the year before, according to the ministry.

To raise the government's share of R&D spending and to encourage private sector investment, the ministry plans to expand various R&D assistance systems.

Ministry Issues Statistics on Dietary Standards

SK2912082594 Seoul YONHAP in English 0713 GMT 29 Dec 94

[FBIS Transcribed Text] Seoul, Dec. 29 (YONHAP)—The average Korean consumes slightly more than 27 tons of food during his or her lifetime and the traditional Korean diet—rice, soup, kimchi and side dishes—best satisfies people's nutritional needs, according to a report by the Ministry of Health and Welfare released Thursday [29 December].

The report said the average daily consumption of food per head reaches 1,048 grams, translating into 27,290 kg of food eaten by each person over an average lifespan of 71.3 years as of 1990.

The amount of food consumed is based on the presumption that people have 78,124 meals in total based on three times a day without skipping meals during their lifetimes, according to the report.

In terms of the nutritional value of food, the ministry recommended the traditional Korean-style menu as the best, saying it provides a balanced diet leading to overall good health.

The Korean diet comprising rice, soup, kimchi and a variety of side dishes meets people's requirements to take in over 30 nutritive substances each day out of the roughly 40 basic elements and over 100 kinds of food every week to maintain sound health.

The desirable ratio of the three major nutritive elements—carbohydrates, protein and fat—is 65-15-20 while the proportion for Koreans was actually 68.3-15.1-16.6 in 1991, an improvement over the 80.7-13.0-6.3 ratio of 1971, according to the ministry.

The proportion of vegetables to meat consumed by locals was 95.4 to 4.6 in 1971 and 80.2 to 19.8 in 1991.

The ministry recommends that people eat reasonably to preserve their health during the year-end festivities, reminding of the old Korean saying, "There's no medicine better than food."

The ministry also introduced a western proverb, "Food becomes you," warning against overeating during the year-end period.

Poll: 60% Classify Themselves as Middle Class

SK2812074694 Seoul YONHAP in English 0309 GMT 28 Dec 94

[FBIS Transcribed Text] Seoul, Dec. 28 (YONHAP)—Six of every 10 South Koreans think they belong to the middle class and nearly half believe they can raise their social status through hard work.

Political democracy has made some progress over the years, but socio-economic problems such as inflation, pollution, traffic jams, crime and poverty have worsened.

Teenagers experience problems related to school, family and occupation, and most solve these problems themselves or with the help of friends while only a few ask their teachers or parents for assistance.

These salient points were revealed by the national statistical office's 1994 socio-economic survey of 80,081 people aged 15 and above in 32,500 households across the country.

Those who think they are middle class in terms of education, income, occupation and property accounted for 60.4 percent of the respondents, while those classifying themselves as members of the upper and lower classes represented 1.4 percent and 38.2 percent, respectively.

Of those living in their own homes, 67.5 percent replied they belong to the middle class, while 51.2 percent of those who are not homeowners gave the same response.

Parents feeling that their family's social status can improve in their children's generation accounted for 60.3 percent, while 45.8 percent said they can climb up the social ladder if they work harder.

The higher the educational level and the deeper the specialization in occupation, the higher the possibility of upward movement on the social ladder.

As to the present status of the nation's political democracy, 26.1 percent said it is good, 46 percent normal and 16.5 percent bad. Those thinking the nation's democracy has improved from three years ago stood at 68.4 percent, up from the comparable 39.8 percent recorded in the 1991 survey.

Asked about inflation, 72.8 percent replied the inflation rate is bad (high), 20.9 percent normal and 3.2 percent good (low). Pollution and traffic problems were viewed as bad by 80.3 percent and 72 percent, respectively.

As for the corruption level in officialdom, 42.4 percent said it is bad (high), but the negative rating would have been much higher if the survey had been conducted after the series of tax embezzlement cases divulged recently. The survey was carried out in May.

While 53.7 percent said their home life in general is normal, 36.9 percent replied it is satisfactory and 9.4 percent unsatisfactory. As for their standard of living, however, only 16.9 percent said it is satisfactory (high), 33.9 percent unsatisfactory (low) and 49.2 percent normal.

In family relations, the degree of satisfaction is generally high in the upper class. Those satisfied with their relations with their children stood at 59.9 percent, compared with 43.9 percent for those having satisfactory relations with their parents, 57.9 percent for satisfactory relations with their spouse and 40.3 percent for satisfactory relations with brothers and sisters.

Almost all (98.2 percent) of the teenagers said they have one problem or another. Those citing school as a problem accounted for 61.9 percent, while occupation was named by 13.9 percent, family relations by 12.9 percent, relations with the opposite sex by 5.9 percent, and health and appearance by 5.3 percent. Those who discuss their problems with friends stood at 53 percent, those solving them themselves 22.8 percent, those referring them to their parents for help 14.3 percent, those asking help from their brothers or sisters 5.8 percent and those resorting to their teachers or counselors 2.3 percent.

Children feeling responsible for supporting their aged parents stood at 87.3 percent: 19.6 percent said the eldest son must shoulder the responsibility, 11.4 percent replied that all the sons must share it among themselves, 29.1 percent said all the children (sons and daughters) must split it among themselves, and 27.2 percent opined any financially able child must bear the burden.

But those actually living with their parents under the same roof accounted for 54.7 percent of those whose parents are alive, with the figure increasing to 62.1 percent when those who regularly provide living expenses to their parents who live in a separate home are counted.

While 53 percent of the household heads said they have some savings for their old age, 47 percent replied they have no such savings.

The religious and secular respondents stood at 49.9 percent and 50.1 percent, respectively, compared with the 1991 findings of 54 percent versus 46 percent. Of the religious people, 22.2 percent said they go to services once a week, 18.3 percent once or twice a year and 16.7 percent twice or more a week.

Burma

'Full Text' of Joint Statement on Li Peng Visit

BK2812170094 Rangoon TV Myanmar Network in Burmese 1330 GMT 28 Dec 94

["Full text" of a joint statement issued by Burma and the PRC in Rangoon on 28 December]

[FBIS Translated Text] Mr. Li Peng, premier of the State Council of the PRC, paid a goodwill visit to the Union of Myanmar [Burma] from 26-28 December 1994 at the invitation of Senior General Than Shwe, chairman of the State Law and Order Restoration Council [SLORC] and prime minister of the Union of Myanmar. PRC Premier Mr. Li Peng and his wife Madame Zhu Lin were accompanied by State Council member Mr. Li Guixian and senior PRC Government officials. The Myanmar Government and people cordially welcomed Premier Li Peng, his wife Madame Zhu Lin, and the PRC goodwill delegation, thus reflecting the traditional Paukphaw [familial] relations between the two peoples. Premier Li Peng expressed his satisfaction at visiting the Union of Myanmar during the 40th anniversary of the adoption of the Five Principles of Peaceful Coexistence and extended goodwill wishes from the people of China to the people of Myanmar. During their stay in Myanmar, the Chinese visitors were able to study cultural and historic sites and locations of bilateral cooperation. They also had the opportunity to witness and examine Myanmar's developments and achievements.

Premier Mr. Li Peng paid a courtesy call on Senior Gen. Than Shwe, SLORC chairman and prime minister. SLORC Secretary-1 Lieutenant General Khin Nyunt also paid a courtesy call on Premier Mr. Li Peng. Senior Gen. Than Shwe, SLORC chairman and prime minister, exchanged views with Premier Mr. Li Peng on bilateral relations, regional and international affairs, and other matters of mutual interest. The delegations also held cordial and friendly discussions reflecting the long-standing understanding between the two countries. Both sides agreed that the results of Premier Mr. Li Peng's visit will further strengthen the good neighborliness between the two countries and help facilitate regional peace, stability, and development.

The Myanmar prime minister was joined at the meetings by SLORC Vice Chairman General Maung Aye; Vice Admiral Maung Maung Khin and Lt. Gen. Tin Tun, deputy prime ministers; SLORC Secretary-1 Lt. Gen. Khin Nyunt; SLORC Secretary-2 Lt. Gen. Tin U; Trade Minister Lt. Gen. Tun Kyi; Transport Minister Lt. Gen. Thein Win; Brigadier General Lun Maung, minister in the Prime Minister's Office; Brig. Gen. D.O. Abel, minister of national planning and economic development; Foreign Minister U Ohn Gyaw; Minister of Rail Transportation U Win Sein; Brig. Gen. Win Tin, minister of finance and revenue; and U Set, Myanmar ambassador to the PRC.

The PRC prime minister was joined by Mr. Li Guixian, member of the State Council; Communications Minister Mr. Huang Zhendong; Yunnan Province Governor Mr. He Zhiqaing; Vice Foreign Minister Mr. Tang Jiaxuan; Mr. Shi Guangshen, vice minister of foreign trade and economic cooperation; Mr. (Wan Qiyin), chairman of the China Bank Board; Mr. (Li Guanyin), vice minister and deputy director of the State Council's Foreign Affairs Office; Mr. (Wan Qihau), special aid to the prime minister; and PRC Ambassador Madame Chen Baoliu.

The prime minister informed and explained to Premier Mr. Li Peng about matters relating to drawing up the constitution in Myanmar; political, economic, and social changes; and efforts toward national reconciliation. Moreover, the Myanmar leader reiterated Myanmar's independent and active foreign policy based on the Five Principles of Peaceful Coexistence and active participation in the Nonaligned Movement. Premier Mr. Li Peng explained to the Myanmar leader about the changes in the PRC, the open-door policy, developments in the current socialist system, and the PRC's view and stance on the international situation. Both noted that today's world has changed from the old to a new structure, and the PRC believes this change is leading to the creation of new blocs in the world. The PRC, together with other Asian countries including Myanmar, will bring about a more peaceful, stable, and prosperous Asian region in the 21st century with a new international political and economic system based on fairness and equality and safeguarding the essence of the principles of peaceful coexistence.

Both sides recalled that 1994 marks the 40th anniversary of the adoption of the five basic principles of peaceful coexistence by Myanmar, the PRC, and India. Based on these five principles, both sides equally agreed that bilateral economic relations will improve and good neighborliness built on goodwill and bilateral cooperation will facilitate regional peace, stability, and development. Both sides agreed that countries in the world have the right to choose their own social system and development objectives according to their respective cultures and history and the peoples's wishes. Both delegations agreed they share the same views after reviewing current regional and international developments. They reaffirmed that people in the Asian region have the same outlook on safeguarding peace and stability and increasing regional cooperation between our two countries. Both sides expressed their readiness to promote regional peace, security, stability, and economic cooperation.

Premier Mr. Li Peng and the PRC delegation expressed their happiness at seeing the efforts of the Myanmar Government and people in economic development, increased living standards, social development, national reconciliation, and active participation in international matters. Both leaders hoped for increased bilateral relations in the future and reaffirmed increased cooperation in economic, agricultural, environmental, cultural, tourism, forestry, education, science, and drug eradication matters. Premier Mr. Li Peng and his wife Madame Zhu Lin cordially thanked Senior Gen. Than Shwe, SLORC chairman and prime minister, and his wife for the hospitality extended to the PRC goodwill delegation. Mr. Li Peng, on behalf of President Jiang Zemin and himself, extended an invitation for Senior Gen. Than Shwe, SLORC chairman and prime minister, to visit the PRC. Sr. Gen. Than Shwe gladly accepted the invitation, extended cordial and friendly wishes to President Jiang Zemin through Premier Li Peng, and invited President Jiang Zemin to visit the Union of Myanmar.

PRC Premier Li Peng, Delegation Depart Rangoon

BK2812161294 Rangoon Radio Myanmar in Burmese 1330 GMT 28 Dec 94

[FBIS Translated Excerpt] A goodwill delegation led by Mr. Li Peng, premier of the State Council of the People's Republic of China, and his wife, Madame Zhu Lin, departed Yangon [Rangoon] by special aircraft at 1200 noon after paying a goodwill visit to Myanmar [Burma] from 26 December at the invitation of Senior General Than Shwe, chairman of the State Law and Order Restoration Council [SLORC] and prime minister of the Union of Myanmar.

Premier Li Peng, Madame Zhu Lin, and the delegation accompanied by Sr. Gen. Than Shwe, SLORC chairman and prime minister, and his wife, Daw Kyaing Kyaing, arrived at Yangon international airport at 1145 and were welcomed at the entrance of the airport VIP lounge by General Maung Aye, SLORC vice chairman, deputy commander in chief of the Defense Services, and army commander in chief, and his wife; deputy prime ministers and their wives; SLORC secretary-1, SLORC secretary-2, and their wives; and responsible personnel. The delegation was also greeted by senior diplomats and their wives led by the dean of the diplomatic corps and personnel from the PRC Embassy. [passage omitted on guard of honor ceremony]

Mr. Li Peng, his wife, and delegation bade farewell to Sr. Gen. Than Shwe, SLORC chairman and prime minister, and his wife Daw Kyaing Kyaing; General Maung Aye, SLORC vice chairman, deputy commander in chief of the Defense Services, and army commander in chief, and his wife; Vice Admiral Maung Maung Khin and Lieutenant General Tin Tun, both deputy prime ministers, and their wives; Lt. Gen. Khin Nyunt, SLORC secretary-1, and his wife; Lt. Gen. Tin U, SLORC secretary-2, and his wife; and responsible personnel. The delegation also waved farewell to the students at the airport building and ascended the airplane. Before entering the plane, Mr. Li Peng and wife once again waved farewell. The special aircraft carrying the delegation departed Yangon international airport at 1200 noon while Sr. Gen. Than Shwe and responsible personnel waved farewell from the airport VIP lounge.

Before his departure, Premier Li Peng presented a statement to Sr. Gen. Than Shwe, SLORC chairman and prime minister, at Yangon international airport. The full text of the statement reads;

My goodwill visit to Yangon, Union of Myanmar, at the invitation of Sr. Gen. Than Shwe, SLORC chairman and prime minister, has successfully ended. I thank you, the Myanmar Government and the people of Myanmar, for the cordial welcome and hospitality extended to me and my delegation. I believe the success of my visit will further enhance the traditional Paukphaw [familial] relations, goodwill, and cooperation between our two countries and peoples. I wish progress and prosperity to the Union of Myanmar and its people.

[Signed] Li Peng, premier of the State Council of the PRC, Dated 28 December 1994

Muslim Refugees Return From Bangladesh

BK2312110194 Rangoon THE NEW LIGHT OF MYANMAR in English 21 Dec 94 p 6

[FBIS Transcribed Text] A total of 766 persons of 137 households arrived back at reception camps from Bangladesh on 16 December under the agreement reached between Myanmar [Burma] and Bangladesh.

Among them, 246 persons of 40 households arrived at Taungbyo camp; 109 persons of 20 households at Ngakhuya camp; and 411 persons of 77 households at Kanyinchaung camp.

Altogether 126,718 persons of 64,103 households have arrived back so far since 22 September 1992.

Karens Claim 15 Soldiers Killed in Mortar Attack

BK2412101694 Bangkok BANGKOK POST in English 24 Dec 94 p 7

[FBIS Transcribed Text] Fifteen Burmese government troops were killed when a Karen rebel mortar hit an ammunition dump, a rebel source said yesterday.

The incident happened on Thursday [22 December] after the Karens fought off an assault on a rebel position at Wangkha by forces of the State Law and Order Restoration Committee (SLORC), as the Burmese junta is known, the source said.

"We pushed them back and regrouped further as they intended to attack again," said the Karen National Union (KNU) official at Mae Sot on the Thai-Burma frontier.

"We hit them with a mortar shell and an ammunitions stockpile exploded. When we reached the place, we found 15 corpses left behind," he said adding that the KNU suffered three wounded.

The SLORC has stepped up attacks on KNU positions since ending a two-year ceasefire two weeks ago. The

KNU is the biggest and oldest of the ethnic groups fighting the military government in Rangoon.

According to the KNU source, the government troops will be reinforced by between 500 and 600 men from the 118th light infantry battalion.

Sporadic shelling continued throughout yesterday, he added.

The source said other battle fronts were calm and that the KNU headquarters at Mannerplaw, around 20 km north of Wangkha, was not under threat.

Karen Leader Comments on Religious Unrest

BK2512094094 Bangkok THE SUNDAY POST in English 25 Dec 94 p 14

[FBIS Transcribed Text] Karen National Union [KNU] leader General Saw Bo Mya has blamed the State Law and Order Restoration Council [SLORC], the ruling military junta in Rangoon, for the conflict which erupted in the KNU among Christian and Karen soldiers early this month.

About 400 Buddhist fighters in the 5,000-strong Christian-led force, the most powerful guerrilla group which has been fighting the Rangoon government for autonomy within a federal Burma, seized a hilltop outpost at the confluence of the Salween and Moei rivers during the first week of December.

The mutiny was said to be the result of deep-rooted differences between rank-and-file Buddhists and the KNU's mainly Christian leaders. It has since been settled.

The KNU, however, claims the mutiny was instigated by Slorc agents who had penetrated the area controlled by the Karen.

Gen Bo Mya said: "Slorc has been fighting us on the military and political fronts but it has not succeeded in defeating us. So it is now turning to religion to hit us. This is just not right."

He claims there is no problem between Buddhists and Christians in Manerplaw where about half a dozen monks live in a monastery built with the help of the Christians in that area.

The following is an account by Gen Bo Mya of events which led to the conflict between the Buddhist and Christian factions of the KNU:

Myiang Gyi Ngu Sayadaw [senior monk] had been building pagodas and monasteries in our area to which we had no objections.

Our only request was that these activities and propagation of the Buddhist faith not be conducted at our lines of defence. We don't mind pagodas being built at our defence perimeters but we were strictly against him building monasteries which would allow monks and people to reside in.

However, our requests not to build monasteries at these strategic areas where we have heavy weapons emplacements were ignored. Also I told him that we had no objection to them propagating and practicing Buddhism in the villages, but again insisted that the monk and his followers abstain from conducting such activities in the restricted areas. Constructing monasteries in such areas will draw all kinds of people to the militarily strategic areas. Gen Bo Mya's main concern was "it will create easy access for infiltrators to penetrate the Karen line of defence".

The enemy used this (religious unrest) as a propaganda tool to accuse the Karen of persecuting the Buddhists and suppressing the religion.

The monk was alleged to have told his followers to congregate and reside at the monasteries he had built saying that it was safe for them to live there, and the military would not take them away as porters. The enemy would not bother them at all.

I begged the monk to stop his activities of persuading the Karen Buddhists (to his view), especially those from the KNU which are engaged in the revolutionary struggle with the Slorc.

He said they could become vegetarians, but to give up the cause and go to reside with the monk at the monastery was out of the question.

The monk has told the KNU Buddhist soldiers that it was unnecessary for them to fight the enemy: "You people could come and stay at my monastery (on the hilltop at the confluence of the Salween and Moei rivers), and won't have to be worried about being taken as porters by the Burmese army."

He also promised these soldiers and civilians, numbering about 3,000, that he would take care of their board and lodging and other expenses as required.

Promises like these had led the KNU leaders to become suspicion of the real motives of the Myian Gyi Ngu Sayadaw. Gen Bo Mya said that it was impossible for the monk to support the 3,000 people. He strongly suspects the Slorc providing financial support.

The monk had been able to supply rice, oil, chillies and onions without any difficulty to his followers.

He then allowed the soldiers to become monks, some of them from the ranks and files of the KNU administrative level. The soldiers have entered the monkhood, leaving behind their families, and their field unattended.

But what had annoyed the Karen leader most was the soldiers have failed to inform their superiors of their leaving for the monkhood.

As we understand, there are certain rules and regulations a practising Buddhist must abide by. For example, a layman must first get his wife's consent to enter the monk hood. Also he must ensure the family is sufficiently provided for, both financially and materially, during his tenure in the monkhood.

Religion being such a delicate is sue had stopped the Karen leaders from taking disciplinary action against the soldiers.

Gen Bo Mya said that to settle the issue "we invited the senior monks in the Karen State to attend a religious conference".

The conference was held in Manerplaw about six months ago and was attended by about 100 monks. Conspicuously absent was the abbot, Myiang Gyi Ngu Sayadaw. He left the River Junction Pagoda about November 20 for Kama Maung district inside Burma where his main monastery is located.

One of the decisions taken at the conference was "a civil servant or a soldier must first obtain permission from their superiors to enter the monkhood".

Also permission must be sought from authorities concerned to build a pagoda to ensure it is not built on private property and thus avoid disputes and thus avoid disputes and arguments that could arise thereafter.

Bo Mya claims he held three discussions with the senior abbot and pleaded with him to stop what he was doing. He told the monk: "We all need to be united (KNU forces) also we rely on you (to maintain unity and peace among the Buddhists and Christians in the KNU). Besides you and your followers are vegetarians who do not believe in violence and killing."

The conflict among Buddhist and Karen had ended and everything was under control. But he feels "the tension has not been completely defused". There have been reports that a few remaining mutineers are still creating trouble at some outposts.

"They (KNU mutineers) have been approaching some of the outposts and have threatened the soldiers at gun point to either join them or surrender their weapons and leave."

Most mutineers at the River Junction Pagoda have returned to their battalions, with the exception of a few stragglers still roaming the area.

He denies personal and ideological conflicts existed among the rank and file of the KNU forces. But "there are certain civilian individuals who are instigating the soldiers and other villagers with rumours that Christians are persecuting and killing Buddhists".

Gen Bo Mya vehemently denies these rumours, saying that these instigators are the ones responsible for the deaths of not only Christians but also Buddhists.

He accuses so-called Buddhists of killing eight people, including a Buddhist Karen captain, and also says these people have threatened certain monks. They have been spreading false rumours in the interior of the country about the so-called persecution of Buddhists.

"All this is the work of the enemy (Slorc)."

He claims there is no problem between Buddhists and Christians in Manerplaw where about half a dozen monks live in a monastery built with the help of the Christians in that area.

Meanwhile, the Christian leaders of the KNU have issued a blanket amnesty for the former mutineers. Sources also say the KNU leaders are most eager to welcome back Myaing Gyi Ngu Sayadaw to the River Junction Pagoda and continue his work among his followers.

Nine Insurgents Surrender in Shan State

BK2912122794 Rangoon Radio Myanmar in Burmese 1330 GMT 28 Dec 94

[FBIS Translated Text] Members of armed organizations in the jungle have been returning to the legal fold after realizing their wrongs. On 21 December, nine members of the opium-smuggling Loimwe group surrendered at Hohko village, where a Defense Services military column was temporarily based, through Northern Shan State Region-5 group.

The Loimwe group's members—Sub Lieutenant Aik Chin, commander of 2d company of the Loimwe group's 81st Battalion; Corporals Pan Ta and Than Tun; Lance Corporal Aik Kyar; Privates San Hlaing, Pi Kya, Aik Li, Aik Moe, and Chin Kyaw—brought along with them one M-16 rifle, five M-22 rifles, one M-23 Submachine gun, one M-79 rocket launcher, one M-60 automatic rifle, 11 assorted magazines, 370 rounds of heavy weapon ammunition, three cartridges, three 40-mm detonator bombs, one hand grenade, and three attack mines.

Responsible personnel from the military column and local people warmly welcomed those who returned to the legal fold.

Brunei, Malaysia & Singapore

Malaysia

Commentary Urges North To Fulfill Rio Pledges

BK2912111794 Kuala Lumpur Voice of Malaysia in English 0810 GMT 29 Dec 94

[FBIS Transcribed Text] Malaysia became the first country to sign agreement to implement environmental conservation and rehabilitation projects with the Danish Fund for Environment and Development.

Credit should go to the Danish Government for providing the funding in response to request from developing countries to provide funds and not just words in conserving the global environment. The agreement will further complement Malaysia's strong action in environment conservation.

It is noteworthy that the pact is the first concrete action taken since the commitment made at the Earth Summit in Rio in 1992. The Rio pledges have been singled out. Both the North and South are responsible for preserving the environment. The North took upon itself in identifying key areas that need financing. But two years after that it has yet to come up with sufficient funds. There have been modest contributions from some agencies, but they have been a far cry from the pronouncements made at the Rio summit.

It is estimated that nearly U.S. $154 billion is required to finance environmental conservation and sustainable development globally. Taxpayers from the North, despite their rhetoric, are not willing to pay for the promotion of the environment. It is quite unrealistic to expect the South to waste the money for conserving the environment since most of them are poor and they need additional funds for economic growth. But the feeling held by the North is that if developing countries cut their forests, they must replenish the stock; and if they pollute, then they must bear the cost of pollution. However, when the Group of 77 developing countries called for changing production and consumption patterns to promote sustainable global development, it was considered highly controversial by the developed nations.

The Commission on Sustainable Development meeting was also vague about how the financing of environmental conservation could be arranged. It was also silent about straightforward transfers of wealth from the North to the South. Contrary to what was promised at Rio, it appears that the developed countries are not willing to help pay developing countries to conserve the environment.

Unless there is an increased assistance, it will be difficult to translate the real summit into action. What irks the South is that the North is apt to using trade to enforce environmental conditionally in South. [sentence as heard] The South will find it difficult to penetrate northern markets unless it incorporates environment cost into its operations or changes its production processes.

To many, it appears that the North will eventually end up forcing the South countries to finance their own environmental conservation program. This is largely because the North is not willing to help pay for environmental conservation in the South as agreed upon in Rio. It is perhaps time the South put pressure on the North to keep a promise it made in Rio.

Dompok Plans Antipiracy Patrol With Philippines

BK2912032994 Kuala Lumpur BERITA HARIAN in Malay 23 Dec 94 p 1

[FBIS Translated Text] Lumut, 22 December—Malaysia plans to undertake a joint patrol with the Philippines to eradicate acts of piracy in the country's eastern coast, particularly Sabah.

Datuk Bernard Dompok, minister in the Prime Minister's Department, said this follows the success of a joint patrol with Indonesia in eradicating acts of piracy in the Malacca Straits.

"We hope to cooperate with the Philippines to eradicate acts of piracy, smuggling, and intrusion by foreign fishermen in the two countries," he said today.

Earlier, he inaugurated the Maritime Coordinating and Enforcement Center [PPPM] costing RM [Malaysian ringgit] 3.5 million here.

Also present was PPPM Director Rear Admiral Datuk Tuan Hashim Tuan Mohamed and National Security Council Secretary Jaafar Ismail.

According to him, the number of pirate attacks in the Malacca Straits decreased to eight this year from 82 in 1991 and 42 in 1992. Only five piracy cases were recorded last year.

Dompok said the PPPM will counter intrusion and handle various problems pertaining to the overlapping claims to islands that are also claimed by Malaysia.

Meanwhile, he said the country will use sophisticated equipment worth RM 90 million to conduct surveillance of the country's waters.

Malaysia Airlines System, RAC Sign Accord

BK2912085594 Kuala Lumpur Voice of Malaysia in English 0800 GMT 29 Dec 94

[FBIS Transcribed Text] Royal Air Cambodge or RAC, which lasted through the 70's, has been revived and will take to the skies on Monday. This followed the signing of four agreements between Malaysian Helicopter Services Berhad [Limited], MHS, and its 32 percent-owned Malaysia Airlines System Berhad with RAC and the Cambodian Government in Phnom Penh yesterday.

Signatories for the Malaysian side were Tan Sri Saw Huat Lye, chairman of MHS and Shamin Ahmad, director of the marketing and sales of Malaysia Airlines. Prince Sisowath Chiwin Monirak, chairman and chief executive officer of RAC; and Keat Chhon, Senior Minister of Finance and Economy signed on behalf of the Cambodian side.

The first agreement was for MHS to opt a 40 percent stake and RAC will have an initial paid up capital of 10 million U.S. dollars. The other accord pertained to a management services agreement between Malaysia Airlines and RAC. The lease of a Malaysia Airlines B-737-400 aircraft to RAC and the appointment of Malaysia Airlines as RAC's general sales agent worldwide, except for Cambodia and Vietnam.

Tan Sri Saw told journalists Malaysia Airlines would use its facilities in Kuala Lumpur to train Cambodian personnel.

Prince Sisowath said RAC would initially fly Kuala Lumpur and Singapore.

Cambodia

Defense Delegation at SRV Army Day Ceremony

BK2812040794 Phnom Penh National Radio of Cambodia Network in Cambodian 1300 GMT 22 Dec 94

[FBIS Translated Text] A grand ceremony was held at the Vietnamese Embassy on the morning of 21 December to mark the 50th founding anniversary of the Vietnamese Army.

Also attending the ceremony was a Defense Ministry delegation led by His Excellency [H.E.] Ek Sereivoat, state secretary, and H.E. Pen Thai, deputy chief of staff of the Defense Ministry.

On that occasion, Tran Huy Chuong, Vietnamese ambassador extraordinary and plenipotentiary to the Kingdom of Cambodia, most joyfully and cordially welcomed the Defense Ministry delegation on its visit to him and his embassy colleagues, which, he said, attests even more clearly to the good relations and cooperation between the two countries and armies and is intended to contribute to peace and the national independence of the two countries.

Speaking on that occasion, H.E. Ek Sereivoat said that Cambodia is very proud to have received strong support from friendly countries, particularly neighboring countries, and expressed his warm welcome to the support (?for) cooperation between the two countries, which is the common goal in strengthening (?the relations and) development in each country.

Defense Minister Reports KR Defections

BK2912063594 Hong Kong AFP in English 0602 GMT 29 Dec 94

[FBIS Transcribed Text] PHNOM PENH, Dec 29 (AFP)—Some 150 Khmer Rouge [KR] fighters have defected to the government from one of the most notorious guerrilla divisions and the group's commander is expected to follow, Cambodia's co-defence minister said Thursday.

"We think the chief of Khmer Rouge division 912 and more fighters will come over to the government side later today," Tie Banh told AFP.

Khmer Rouge division 912 has long been one of the most active in several districts of northwestern Siem Reap province, said its governor, Toan Chay, adding that continued military pressure was responsible for the defections.

"Government troops have been surrounding their bases for more than a month and the Khmer Rouge were getting short of food," he added.

The fighters have been defecting to the government side in small groups for the past few days, bringing with them some 80 relatives, said Toan Chay. He said the biggest number defected on Tuesday.

Guerrillas from division 912 are believed responsible for the recent burning of villages in one of Siem Reap province's northwestern districts which caused around 30,000 peasants to flee in panic.

But with these recent Khmer Rouge defections Toan Chay predicted much improved security throughout the province.

"I think in a little while there will be no more Khmer Rouge in Siem Reap province," he said.

Since November around 700 Khmer Rouge fighters in Siem Reap province have taken advantage of the countrywide amnesty for the guerrillas and crossed over to the government side, said officials.

"The amnesty for the Khmer Rouge has been very effective and so far somewhere around 2,000 to 3,000 from all over the country have defected to the government side," said information ministry spokesman Sieng Lapresse.

The ultra-left Khmer Rouge have been a thorn in the government's side ever since the May 1993 UN-sponsored elections that aimed to restore democracy and stability to Cambodia after years of bloodshed.

The guerrillas have foiled attempts by government forces to crush them militarily, launching hit-and-run reprisal raids from swathes of the country under their control. They have also damaged the country's image abroad, with the kidnapping and brutal killing of several foreign tourists.

Cambodia's parliament formally outlawed the Khmer Rouge on July 7 but soon afterwards the government put in place a six-month amnesty for guerrillas who defect to the government side.

The amnesty ends on January 15 next year but government officials say they have not yet decided whether to extend it and have left open the option of military action against the Khmer Rouge.

Khmer Rouge Radio Commentary Blames Government

BK2912111994 (Clandestine) Radio of the Provisional Government of National Union and National Salvation of Cambodia in Cambodian 1200 GMT 28 Dec 94

[Unattributed commentary: "National and Social Problems and People's Famine Are the Results of the Continuation of the Communist Vietnamese Aggressors' War"]

[FBIS Translated Text] National and social problems and the people's famine are the consequences of the continuation of the communist Vietnamese aggressors' war. The situation in the nation and society continues to deteriorate. Cambodia has suffered great destruction, both in human resources and in the Cambodian nation and people during the 13-year war of the Vietnamese aggressors. The Cambodian people have been drained white.

Later on, there were UNTAC [UN Transitional Authority in Cambodia], the two-headed government, the communist Vietnamese, and the villainous Western allies who colluded to continue this war of great destruction. They are the major root causes of the serious situation in every sector.

The two-headed government has opened the eastern border to let Vietnamese in to plunder and collect at will the Cambodian people's resources. Four million Vietnamese are living everywhere in Cambodia, particularly in areas rich in fish and fertile land. Along the eastern border, from Ratanakiri to Kampot and the sea, Vietnamese have come in to settle between 30 and 40 km from the border. Genuine Vietnamese administration has even been set up.

This is the force that really puts pressure on Cambodian society. The Cambodian people are starving; people are out of work; soldiers, policemen, and civil servants are unpaid. This has caused unrest and opposition to the two-headed government. The latter has created insecurity and banditry everywhere. Robbery takes place day and night. The people and the masses, who are farmers, students, teachers, professors, and traders who are affected by this, have all expressed anger against the two-headed government.

Those in the two-headed government are very corrupt. They have embezzled aid money and sold state and private land to foreign businessmen. They are all corrupt, from top to bottom. City mayors, provincial governors, and district chiefs are all corrupt. No one cares about the nation and the people.

More serious still is the fact that the two-headed government has gathered foreign aid and squeezed taxes from all kinds of people to buy ammunition, weapons, tanks, and artillery pieces to continue the communist Vietnamese aggressors' war. Persons capable of working the land to produce various products have been rounded up and sent to wage war, and they have died. The economy is going downhill. More riel banknotes continue to be printed. These notes are just paper and cannot buy anything. The price of goods continue to skyrocket as more banknotes are printed. The living standards of the people, civil servants, soldiers, and policemen further deteriorate. These people are now going hungry.

This is the result of the war the two-headed government continues to wage at the order of its masters—Vietnam, the United States, Australia, and France. The nation and people in general say that the two-headed government should stop war and set up a genuine national government with all national forces in it. Only this can solve national and social problems and famine. As long as the war goes on, the people will still face famine and the people will not stay idle. They will get together to smash the two-headed government and its administration in villages and communes to end the war.

Armed Forces Reforms Said 'Proceeding Smoothly'

BK2812141194 Phnom Penh CAMBODIA TIMES in English 18-24 Dec 94 pp 1, 2

[Report by T. Mohan and Uk Kimseng]

[FBIS Transcribed Text] Phnom Penh—Reform plans for the Royal Cambodian Armed Forces (RCAF) has gathered steam with only about 300 generals remaining currently.

This figure is expected to be reduced even further over the next few months, to slightly more than a hundred. Rogue and corrupt generals have been neutralized through various measures.

THE CAMBODIA TIMES has learned that the reduction in the number of generals, totalling more than 1,800 before the reforms, has also led to the resignation of several generals, who were discontented with the reforms.

Co Defense Minister Tea Chamrat when confirming this to THE CAMBODIA TIMES, said: "The reform plans are proceeding smoothly. Detailed plans for a new military command structure headed by the Co Prime Ministers, who are also Co Commanders-in-Chief, is now in progress."

"The remaining generals, upon completion of the reforms, will be officers in the true sense of the word and not just in name only. They will have battle field experiences and combat knowledge."

Second Prime Minister Samdech Hun Sen has said that generals who still wanted to retain their ranks are welcome to join the research department and put forward their ideas and contributions towards the betterment of the RCAF.

"They cannot remain in the same postings. They will be re- appointed as non-commissioned officers. This also applies to officers who had been more interested in doing business, such as logging.

These officers can resign and concentrate on their business. They cannot retain their ranks or remain in the RCAF," Hun Sen said.

It has also been reliably learned that several officers within the RCAF, though small in number, have the allegiance of the men they had commanded or still command.

"As such, any drastic changes which will affect them directly must be avoided. These officers will instead be posted to areas where their real influence or power will be neutralized, thus reducing the security risks involved," sources said.

Chamrat said the new RCAF, which would be left with just 70,000 men, instead of the current 130,000 men, would concentrate on the development war.

"We will concentrate in winning the war against the Khmer Rouge through their hearts, minds and stomach; through psychological warfare."

"Of course, at times we will have to fight. But these instances will usually be cases of neutralizing or eliminating security risks in areas such as Phnum Voar or Siem Reap."

"There will not be an all out offensive against the Khmer Rouge, as it will not be fruitful and will be an expensive affair. We will be just shedding Khmer blood."

"We must avoid this, unless really necessary," the Co Defence Minister said.

Minister on 'Demobilization' of Government Workers

BK2812142394 Phnom Penh CAMBODIA TIMES in English 18-24 Dec 94 p 3

[Report by Charlie Seng]

[FBIS Transcribed Text] Phnom Penh—The Royal Government has committed itself to a concerted effort to ensure qualitative work for public civil servants, who are now large in number but of unacceptable quality.

It is an undeniable fact, that after the formation of the Royal Government, the number of civil servants has sharply increased, as a result of absorption of the employees belonging to various political parties, including Funcinpec [National United Front for an Independent, Neutral, Peaceful, and Cooperative Cambodia], Buddhist Liberal Democratic Party and Liberal Democratic Party, as civil servants in various State institutions, in addition to the existing staff of the ex-incumbent Party, the Cambodian People's Party, which ruled the country from 1979 to 1992.

For instance, the Ministry of Finance and Economics is currently staffed by 5,500 workers, according to its minister, Keat Chhon. "It is much better to have just 550 staff in our ministry," he said.

"The demobilization process does not mean cutting 'subordinate branches of the tree trunk' but we will provide skills training to those who are genuine workers listed in the reduction," Chhon outlined.

It is learnt that some of the civil servants have been working for either private or government institutions.

Tat Lyhok, editor-in-chief of a government newspaper told THE CAMBODIA TIMES that one of his staff has two ID cards, one belonging to the Ministry of Information and the other to the Ministry of Interior.

"Earlier I did not have any idea about this, but when he had a row with a policeman, the staff member was identified as somebody else, who was working for the Ministry of Interior," Lyhok confided.

Some civil servants are reportedly said to be frequently absent from their work stations, but are present at private sector offices, since they hardly have anything to do in the government sectors.

The Government has planned to reduce 20 per cent of staff by 1997.

Keat Chhon has hinted that his ministry would take the lead in the reduction process. "One of these days we will close our office in order to find out how many of them are present. If they are not, we will investigate the cause of their absence," Chhon revealed.

Attendance regulations have been carried out at all state institutions for this purpose.

Newpaper Editors Still Experience 'Threats'

BK2812061194 Phnom Penh THE CAMBODIA DAILY in English 20 Dec 94 pp 1, 5

[Report by Pip Wood]

[FBIS Transcribed Text] The editors of PREAP NOAM SAR and KAOH SANTEPHEAP newspapers say they have received threats from associates of Colonel Sat Soeun, the suspect arrested in connection with the murder of the KAOH SANTEPHEAP ("Island of Peace") journalist Sau Chan Dara.

Uch Sau Sarit, publisher and editor of PREAP NOAM SAR ("Dove Messenger"), said in an interview that he saw an armed soldier pacing the alleyway outside the PREAP NOAM SAR offices on December 16, and that an employee of the newspaper recognized the man as being a friend of Col. Sat Soeun's from Kompong Cham.

"I don't know the name of the soldier but I know that he is Col. Sat Soeun's right-hand man," Uch Sau Sarit said.

While Sau Chan Dara had worked for KAOH SANTEPHEAP, informed sources say that he had close ties with the PREAP NOAM SAR newspaper, which its editor said often published articles critical of corruption within the provincial military.

Head of the Khmer Journalists Association (KJA) Pin Samkhon yesterday supported the editors' fears.

"The presence of a soldier was menacing—especially as he was in a small alleyway looking into the windows," Pin Samkhon said.

He added that the bi-weekly newspaper had temporarily suspended publication.

A statement released by the Ministry of Information says that Uch Sau Sarit reported the soldier's presence to the KJA.

On being alerted of the alleged harassment, co Interior Minister Yu Hokkri asked ministry officials to investigate Uch Sau Sarit's claim, the statement said.

Uch Sau Sarit said that Yu Hokkri spoke to Kompong Cham Division Two Commander Uy Savoan, and the commander subsequently told the soldier to return to Kompong Cham.

Despite the involvement of the Ministry of Interior, Uch Sau Sarit said "I am still frightened because no one in the government can protect me. At this point I am depending on the KJA and Human Rights groups."

The editor of KAOH SANTEPHEAP Thong Uypang, said in an interview that soldiers from Kompong Cham also stood outside the newspaper's offices on December 15. According to the editor, police detained the soldiers for questioning but later ordered them to return to Kompong Cham.

Sau Chan Dara was killed out side a nightclub in Kompong Cham December 8, and Col. Sat Soeun, who had left the club with the journalist, was arrested the following day. Sau Chan Dara had allegedly angered military authorities in the province with investigations into military involvement in timber smuggling.

Officials Asked To Forward Revenues to Phnom Penh

BK2812062494 Phnom Penh THE CAMBODIA DAILY in English 20 Dec 94 p 6

[Report by James Kanter]

[FBIS Transcribed Text] Minister of Finance Keat Chhon has asked all revenue collection bodies in the Kingdom to send money to the National Bank of Cambodia so funds can be better controlled.

In a memorandum dated November 25 marked for the attention of all ministers, secretaries and provincial governors and obtained by THE CAMBODIA DAILY last week, Keat Chhon said proper implementation of the Investment Law and Finance Law required officials to forward all revenue derived from business agreements to Phnom Penh.

The minister also noted that deposits or rent on business sites or construction areas should be sent immediately to the National Bank as this would boost the budget and make it easier to nullify agreements made with businesses who had defaulted on their plans to help develop the country.

The Finance Ministry was the single ministry able to control the state income but a number of provincial governors had made their own private deals. But because contracts had to be signed by representatives of the State, the system should be centralized.

"The Ministry of Economy and Finance requests all ministries, institutions and provincial governors who used to keep money in their own institutions to send their money to keep in the National Bank," Keat Chhon wrote.

"This is the easiest way to control the revenue," he added.

Meanwhile, the Cambodian customs authority netted over $11 million during November, an increase of about $770,000 from October, AKP, the official government news agency reported over the weekend.

Taxes on imported goods accounted for just under 30,000 million riel ($11.2 million) and taxes on vehicles netted $51,881 a Customs and Excise Department official confirmed to THE CAMBODIA DAILY yesterday.

During 11 months of this year, tax collection was more than 320,000 million riel ($123 million), the AKP report said.

Among the Customs and Excise services in country, the customs house in Sihanoukville exceeded its mandatory customs collection by 3,000 million riel, while the customs house in Koh Kong earned an extra 1,700 million riel, the taxation office in Phnom Penh 500 million riel and the Phnom Penh Port customs house 400 million riel.

Ministries To Share Public Works Contracts

BK2712134794 Phnom Penh DAMNOENG PEL PROEK in Cambodian 26-27 94 p 4

[FBIS Translated Text] According to an official interministerial source of the government, next year the Ministry of Finance and Economy and the Ministry of Planning will be sharing power to control and decide investment contracts on all public projects and the funding of and foreign cooperation in the implementation of the 1994-95 socioeconomic plan.

This is said in an interministerial circular issued by the Ministry of Finance and Economy and the Ministry of Planning: To control and execute public investment projects (such as road building and the construction of other state-owned structures) with efficiency, the government has assigned the Ministry of Planning and the Ministry of Finance and Economy to work together in making decisions. Contracts on public projects of all ministries and state secretariats must be submitted to the Ministry of Planning for examination and evaluation according to the priority of each project. After that, the Ministry of Finance and Economy shall examine and apportion the budget for contracts on public projects already evaluated by the Ministry of Planning.

In the past, all contracts on public projects, such as roads and bridges, were evaluated by the ministries concerned. These ministries then requested funding from the Ministry of Finance and Economy, who had a final say on the allotment. This allotment sometimes was subject to cuts and reductions by the Ministry of Finance and Economy. This practice caused some subsequent problems.

The same source said: Because of the current situation that has seen difficulties in the execution and funding of contracts on public projects and snags (delays) in the execution of the 1994-95 socioeconomic rehabilitation plan, the two above-cited ministries have thereby decided to change their controlling procedure.

The source went on to say: Although the Ministry of Planning and the Ministry of Finance and Economy are the ones who evaluate funding and allocate it to each project, representatives of other ministries involved in the projects also will be invited to participate in the bidding for contracts on all public projects.

The issuance of this inter-ministerial circular coincided with that of the 1995 draft national budget, which has assured that all expenses will be concentrated on public projects, infrastructural rehabilitation, and the Ministry of Agriculture and Rural Development.

Investors Blame Investment Board for Delays

BK2712043094 Phnom Penh DAMNOENG PEL PROEK in Cambodian 26-27 Dec 94 p 4

[FBIS Translated Text] According to a well-informed source, five to six complaints by investors in Cambodia are being lodged with the Council for the Development of Cambodia [CDC] against what they call the delay caused by the Investment Board in making decisions and answering their investment requests, although the new investment law has stipulated that all applications for investment should be acknowledged within 45 days.

The source, who requested anonymity, said: Among the protest notes, there are complaints about the Investment Board's delay in deciding to grant investment companies permission to import raw materials and machinery needed in the investment projects. Some investors have accused the Investment Board of ignoring their applications. They said they had invited the board to visit their firms abroad, but, after returning, the board still had not given them any answer.

The source also revealed other delay tactics by the Investment Board to obstruct already approved investment projects. For example, a for-export garment company requested permission to import raw materials, replacement parts, and electrical equipment... [ellipses as published] in line with an approval letter of the Industry Ministry dated 23 August 1994. It was only on 23 November, after the compnay owner had followed up on it and lodged a protest, that the Investment Board answered the request and approved it.

Moreover, a source in the Customs Office also criticized the board, saying that some of its decisions were erroneous. Certain tax-free materials were taxed and so were certain goods that had been declared tax-exempt. Moreover, some decisions were made without references or with incorrect references. It is believed, however, that these mistakes were made because the board is new and still inexperienced, and, although they were avoidable mistakes, they can be corrected.

It should be recalled that not long ago the news bulletin CAMBODIA DAILY published a letter (from an overseas Cambodian investor from the United States) very critical of the CDC. The letter said that the CDC had spent $1 million on advertising to attract foreign investors to come to Cambodia and learn about investment oppportunities here. However, when they arrived at the office of the CDC they got no information whatsoever, nor did they receive any answer to their inquiries, due to the lack of preparation at this office. Requests for meetings with officials were also left unanswered. Yet, a CDC spokesman later issued a statement that the CDC had already sent more than 200 copies of the new investment law to applicants.

Anyway, Keat Chhon, minister of finance and economy and vice chairman of the CDC, said that since the opening of its office, the CDC has by the latest account given approval to 58 new investment projects worth a total of $300 million. This includes some major projects such as a plywood factory, breweries, agrobusiness, and for-export garment factories, each using a $1 million, $2 million, $5 million, or $10 million investment capital.

The government expects that by 1995 the gross investment fund may exceed $1 billion.

Ministry Announces Contract for New Airport

BK2712124994 Phnom Penh National Radio of Cambodia Network in Cambodian 0500 GMT 27 Dec 94

[FBIS Translated Text] The Public Works and Transport Ministry announced on 23 December 1994 that the first stage of the new Pochentong International Airport, worth about $100 million, will be built under a contract with the BOT Company. The announcement was made following a government decision. His Excellency Ing Kiet, minister of public works and transport, said on 23

December that his ministry would negotiate the terms and conditions of the contract soon.

Included under the project to build the new airport is the construction of a new landing strip that is 3,600 meters long and 45 meters and can handle Boeing 747's and other jumbo aircraft. The existing runways, taxiways, and emergency landing strips will be expanded and gangways attached to the airport will be built. In addition, terminals that can accommodate 1-1.5 million passengers per year will be built and adequately equipped to bring the airport up to international standards. Other airports will also be expanded and restored under the project, making them big enough to accommodate Boeing 747's or aircraft of similar size, Airbus 320's, and medium and small-size aircraft.

Also planned are a field that can accommodate at least 10 airplanes, vehicle access, and warehouses to facilitate the shipment of cargo and baggage.

Meeting Moves To Restrict Fishing, Logging

BK2712144294 Phnom Penh National Radio of Cambodia Network in Cambodian 1100 GMT 27 Dec 94

["Press Communique" issued by the office of the Royal Government of Cambodia spokesman in Phnom Penh on 27 December]

[FBIS Translated Text] An interministerial meeting was held at 1500 on 26 December 1994 at the Council of Ministers Office under the chairmanship of Samdech Hun Sen, second prime minister of the Royal Government of Cambodia [RGC], to examine and discuss reports presented by the Ministry of Agriculture, Forestry, Wildlife, and Fisheries on the situation concerning fishing and logging activities in the country. After a meticulous discussion and exchange of ideas, the meeting made the following decisions:

The RGC will enact measures to prevent unauthorized fishing activities that endanger aquatic resources. In addition, the government has ordered the Ministry of Agriculture, Forestry, Wildlife, and Fisheries to cooperate with the Defense Ministry, the General Staff of the Khmer Royal Armed Forces, and local police forces to step up strict control and protection of fishing lots and to arm militiamen in the vicinity of the fishing lots around Tonle Sap lake and other areas across the Kingdom of Cambodia. The ministry was asked to classify fishing lots according to their degree of importance with a view to protecting the sources of fish and making protection and control more effective.

In order to eradicate the unauthorized exploitation of logs and protect the Kingdom of Cambodia's environment, the RGC has decided:

1. To abolish all subdecrees and decisions concerning the Commission to Investigate and Examine the Problem of Unprocessed and Processed Timber;

2. To transfer the task of investigating, examining, and cracking down on the unauthorized exploitation of logs to the Ministry of Agriculture, Forestry, Wildlife, and Fisheries; if necessary, the ministry is authorized to request cooperation and support from various competent institutions to suppress these unauthorized activities;

3. To end all log exploitation carried out by various companies as of 31 December 1994;

4. To allow authorized logs exports only until 30 April 1995;

5. To ban the export of unprocessed and processed timber collected from unauthorized purchases, except timber for which (?export licenses) have been issued. The RGC will authorize only legal investment companies to export processed timber, and the timber should come from authorized exploitation, not unauthorized purchases. All illegally exported timber will be seized and put up for auction.

The RGC has ordered the Agriculture Ministry to conduct a study on taxing forest products, determine the feasibility of levying taxes annually, and define Cambodia's forested areas clearly for future exploitation.

The meeting ended at 1900 amid an atmosphere of unity and a high sense of responsibility.

[Dated] Phnom Penh, 27 December 1994

Indonesia

Minister: Foreign, Domestic Investment Surge

BK2812024694 Jakarta THE JAKARTA POST in English 23 Dec 94 p 1

[FBIS Transcribed Text] Jakarta (JP): Foreign investments approved by the government increased by 194 percent to a record high of U.S. $23.7 billion this year, while domestic investments rose 34.9 percent to Rp. [rupiah] 53.3 trillion ($24.2 billion), a minister announced yesterday.

"The drastic increase in investments, even though it was supported by the licensing of six large projects, indicates that the business climate in the country is conducive and quite attractive to investors," State Minister of Investment Sanyoto Sastrowardoyo told a news conference here yesterday.

The six large projects included three oil refineries, two power plants, and an integrated steel mill with total investments of about $8 billion.

The figures on investments reported by Sanyoto include equities and loans.

The minister said that improvements in the country's infrastructure facilities and investment rulings, coupled with higher growth in the world economy and the global trend of trade and investment liberalization, have led him to believe that approvals of both foreign and domestic investments will increase further next year.

Sanyoto, who is also chairman of the Investment Coordinating Board (BKPM), said that Hong Kong has emerged as this year's largest foreign investor in Indonesia with total investment commitments of $6.04 billion as of Dec. 15, followed by Britain with $2.95 billion, Taiwan with $2.48 billion, South Korea with $1.88 billion, Japan with nearly $1.53 billion, and the United Sates with $1.52 billion.

However, in terms of cumulative investments since 1967—the year for the introduction of the law on foreign investment—Japan remains the largest foreign investor in Indonesia with total approved investments of $18.62 billion as of Nov. 30, followed by Hong Kong with $14.14 billion, the United States with $8.65 billion, Singapore with $7.11 billion, Taiwan with $6.83 billion, and South Korea with $5.49 billion.

These figures exclude the 14 projects worth $81 million whose licenses were revoked this year due to the failure of their sponsors to start construction within six years after their approvals.

Sanyoto said that the foreign investments approved this year are committed for the establishment of 449 projects, which will employ 316,809 Indonesians and 6,804 foreigners.

Only 36 percent of the foreign investment projects approved this year will rely on the domestic market. "Almost 64 percent of this year's foreign investment projects plan to export their products, with total foreign exchange revenues estimated at $13 billion per annum," he said.

He said this year's realization of foreign investment commitments, which received government approvals in the previous years, increased by 141 percent to $7 billion from merely $2.9 billion last year.

Sanyoto said that the steady increase in domestic investments from Rp. 29.34 trillion in 1992 to Rp. 39.45 trillion in 1993 and to Rp. 53.3 trillion this year also indicates that domestic sources of capital have strong foundations for business development.

He, however, acknowledged that this year's approvals of domestic investments have not reached the previous record high of Rp. 56.51 trillion in 1990.

About 45 percent of this year's domestic investment projects rely on domestic market sales, while the other 55 percent plan to export their products to obtain total revenues of $13 billion per annum.

The realization of domestic investment projects increased by 30.4 percent to Rp. 24 trillion this year from Rp. 18.4 trillion in 1993.

Sanyoto said BKPM revoked licenses for 75 domestic investment projects worth Rp 2.6 trillion this year.

He acknowledged that the increasing domestic investments will need loan assistance from domestic banks. "We hope domestic banks will be willing to support the investors' projects," he said.

He said foreign investors are expected to receive most of their loans from foreign banks. "But the government will surely continue monitoring the inflow of off-shore borrowing so that they will not affect our balance of payments," he said.

Group of Vietnamese Refugees Repatriated

BK2912011894 Jakarta ANTARA in Indonesian 1515 GMT 28 Dec 94

[FBIS Translated Excerpt] Batam, 28 Dec (ANTARA)—A total of 211 Vietnamese refugees—adults, children, and babies—were repatriated to their home country on Wednesday via Hang Nadim Airport on Batam Island. Over the last two months, a total of 742 Vietnamese refugees have returned home under the voluntary repatriation program. This number includes 400 refugees, known as boat people, who returned home in November.

According to data obtained by ANTARA from the Batam Airport Authority, a total of 1,598 Vietnamese refugees have been repatriated in 1994. "They have flown either on Garuda or Vietnam Airlines to return home," said M. Iksan Tatang, director of the Batam Airport. [passage omitted]

There are still about 6,000 Vietnamese refugees on Galang Island. The majority belong to the screen out [preceding two words in English] category and will gradually be repatriated to Vietnam. There are also about 100 refugees who belong to the screen in [preceding two words in English] category and are waiting for resettlement in third countries willing to accept them.

Minister Discusses Aircraft Plant Project

BK2812090594 Jakarta Radio Republik Indonesia Network in Indonesian 0600 GMT 28 Dec 94

[FBIS Translated Text] The Indonesian Government is exploring the possibility of setting up a plant in Europe to assemble N-250 airplanes manufactured by the IPTN [Nusantara Aircraft Industry]. In principle, the plant will be similar to the one that will be built in the United States. Indonesia will hold 40 percent of the equity, and the United States 60 percent. Habibie, minister of state for research and technology and IPTN president director, disclosed this to reporters in Jakarta this morning. He said the government has chosen various sites in Alabama, Georgia, Arizona, and Oregon. The government will finally pick one site next February.

Minister Habibie also said the exploitation of nuclear energy in Indonesia will be the last resort. However, nuclear energy cannot be ignored because the demand for electricity is growing while coal and the geothermal energy supplies are limited. Thus, the possible future use of nuclear energy should be studied at an early stage.

Official on Restoring Confidence in E. Timor

BK2912011694 Jakarta SUARA PEMBARUAN in Indonesian 27 Dec 94 p 15

[FBIS Translated Text] Dili, 27 Dec—Clementio Reis Amaral, a member of the National Human Rights Commission, says the most important thing for civil servants and Indonesian Armed Forces personnel to do in East Timor is to restore public confidence in them. He cited field reports which show a decline in public confidence caused by the actions and behavior of these people serving in East Timor.

Clementio said this to a SUARA PEMBARUAN correspondent at his parents' house in Dili on Sunday (25 December) after a three-day visit to the province along with another commission member, Bambang Suharto. During their visit, the two men held talks with East Timor Governor Abilio Jose Osorio Soares; Dili bishop Carlos Filipe Ximenes Belo; Colonel Kiki Syanakri, commander of the 164th Military Resort Command; local officials; youth and religious leaders; intellectuals; and other community leaders.

Clementio said a survey by the National Human Rights Commission shows that the human rights situation in East Timor still needs to be improved so as to prevent outsiders from pointing an accusing finger at Indonesia. To improve the human rights situation, all officials must sincerely work to support efforts to solve the East Timor issue at international foras. The human rights issue requires us to focus our attention on the existing legal, economic, and social problems in the province.

He said all state personnel must realize that the police are the official law enforcers recognized by the government. The police are authorized to summon anyone for questioning, but they must comply with existing procedures. "We must not summon anybody for questioning at night, and in places other than the police station. Anybody who is summoned for questioning must be accompanied by a legal counsel. This is the correct procedure. Otherwise, we are breaking the law and violating a person's human rights," said Clementio, adding that if all state personnel are aware of this procedure, a start has been made to improve the human rights situation.

The former member of the House of Representatives noted that the international community is still making an issue of East Timor's integration into Indonesia. Therefore, if the human rights situation is improved, it will help provide a comprehensive solution to the issue. He expressed his belief that the human rights and socioeconomic issues must be settled first if we want to seek a comprehensive settlement to the East Timor issue.

Clementio said recent incidents in East Timor were not simply caused by political factors arising from the integration, but more by the human rights and socioeconomic factors. If we want to consolidate the integration policy, we must first improve the human rights and socioeconomic conditions. The youths staged protest demonstrations not because they understood international politics, but because of the human rights and socioeconomic conditions in the province.

He said he was under the impression that local officials had not acted in their full capacity to help find a settlement to the issue. As an example, he cited the case of the the Trade Department's Regional Office, which he believed had not given training on managing small businesses to East Timorese youths so they could compete with youths from other regions.

Clementio also wondered whether other Regional Offices had provided vacancies to East Timorese high school graduates so as to reduce the province's unemployment rate. This question will certainly get a negative answer because of the officials' egoistic nature and vested interests.

Therefore, it is necessary to change our attitude and behavior if we want to restore public confidence in the officials serving in the province and support efforts to solve the issue at international fora. Such public confidence will return if civil servants and Armed Forces personnel can establish two-way communications with community and youth leaders, intellectuals, and other people in general.

Minister Says Issuance of Licenses 'Frozen'

BK2712145994 Jakarta THE JAKARTA POST in English 27 Dec 94 p 1

[FBIS Transcribed Excerpt] Jakarta (JAKARTA POST)—The government has frozen the issuance of press publishing licenses (SIUPP) for 1995, except for special sector publications like trade and sports gazettes, Minister of Information Harmoko announced yesterday.

Harmoko said after presenting press awards at the Indonesian Journalists Association (PWI) that the government would not issue any new publishing licenses for newspapers or magazines on current affairs in 1995.

"We have too many press publications," the minister said, citing the current 283 licensed publications throughout the country.

The door however is still open for those who want to offer special publications such as trade and sports magazines to the public.

Harmoko's statement comes as the final blow to any remaining hopes by a group of former journalists of the defunct TEMPO current affairs magazine of starting a new publication of their own. The journalists have applied to Harmoko's office for a new SIUPP.

Asked about this matter yesterday, Harmoko said there was no chance for them to obtain a new license. "It's final."

He pointed out that the government has already issued one new license to the former TEMPO employees, who started up GATRA magazine last month.

TEMPO lost its license in June for repeatedly ignoring the government's warnings about its editorial content. The former employees of the magazine have since split into two groups, the one for GATRA, which is financed by timber tycoon Mohamad (Bob) Hasan, and another group intending to establish their own. Some of the former employees are suing Harmoko for his decision to revoke TEMPO's SIUPP.

Besides TEMPO, two other current affairs magazine EDITOR and DETIK also lost their licenses in one swoop in June.

Asked whether he thinks there will be more magazine closures next year, Harmoko said that there was no reason why any publication should lose its SIUPP as long as it complies with the regulations laid out by the Press Council. "I hope there will not be any need for any media ban in 1995," he said.

He warned that the government will not hesitate to punish publications, which violate regulations and the journalistic code of ethics.

Looking back at the outgoing 1994, he said the local media industry overall has done its part in supporting the national development program.

The government always welcome any criticism from the press as long as this is done within the prescribed guidelines and is constructive, he said, adding that the press also has the duty of educating people and encouraging political thinking and reasoning. [passage omitted]

Harmoko told the domestic press not to be carried away by the actions of the foreign press which discredited the nation and its government in the name of human rights.

"We have to stick to the state ideology Pancasila," Harmoko said.

Editorial Views Decision on Protection Issue

BK2712031494 Jakarta REPUBLIKA in Indonesian 24 Dec 94 p 6

[Editorial: "Protection"]

[FBIS Translated Text] Lately, a number of parties have been involved in a debate described as "classic" according to economic terminology. Should a new industry be protected? The new industry is none but P.T. [Company Limited] Chandra Asri, a petrochemical mega-industry with an investment of 3.2 trillion rupiah.

There are only two camps in the debate. The supporter and opponent will probably each give extreme answers. Each has reasons that are known to those who have studied economics. In real terms and for broader interests, we have to get involved in the debate. Where should we be?

Indeed, this is not a question of supporting or opposing the protection of a strategic and resource-based [preceding two words in English] industry to enable it to grow. The question is: how to establish an import substitution industry, which will produce raw materials, without having to place a burden on the consumers during the initial period [preceding two words in English] of its operation?

Based on logical arguments, protection will make the price of a product higher than the average international price, and the amount of the product available will be lower than that under free trade. As a result, only the producer will benefit from protection, be it in the form of tariffs or nontariff measures. Thus, it is logical to consider protection a privilege.

The open discussion of the pros and cons of the Chandra Asri issue have been inevitable since Peter F. Gontha, representing Chandra Asri, and House Commission VI met on 7 December 1994. During the meeting, Gontha said that Chandra Asri should be protected in terms of tariffs for seven or eight years for various reasons such as a swelling cost due to the postponement of the construction of the plant in 1991.

There are even pros and cons discussed by MP's who have visited the site of the plant.

Chandra Asri, which will immediately enter an operational stage to produce various industrial raw materials, has launched a high- profile [preceding two words in English] "campaign." Prior to the "hearing" at the House of Representatives, a seminar was held at the site of plant in Cilegon, West Java. Several officials, observers, and economists delivered speeches. The rest of the participants were journalists.

Everyone knows that it is difficult to predict a government decision on the Chandra Asri "request" due to the different leanings of top decision makers. In addition, political connections and possible nontechnical arguments, for example nationalism, will blur all predictions.

Of course, we sincerely hope that the Tariff and Fiscal Team, which has been headed by the coordinating minister for industry and trade since 5 December, will hold discussions on the basis of logical considerations. The general public, especially consumers, hopes that those committed to nonprivileged interests will remain steadfast.

We are waiting for a logical decision by the Tariff and Fiscal Team as a new year "gift."

Editorial on Need for 'Transparent' Politics

BK2612133194 Jakarta SUARA PEMBARUAN in Indonesian 23 Dec 94 p 2

[Editorial: "Motivate a More Sporting, Competitive Spirit"]

[FBIS Translated Text] When we talk about competition, apart from the world of sports, the word almost always has a negative connotation. Competition is not considered good because, basically, it brings out an egoistic attitude which only focuses on one's personal interests. A negative connotation arises as a result. This is further strengthened by a statement which notes that people who engage in competition will only practice and absorb the principle of "the objective justifies the means." All types of methods, including illegal and cunning ones, are allowed or need to be applied in order to achieve victory.

Speaking to the ANTARA NEWS AGENCY in Jakarta on Tuesday [20 December], Marzuki Darrusman, a member of the National Human Rights Commission and former parliamentary member, stated that it is worthwhile to note the motivation behind the call for a greater sporting competitive spirit in accordance with the country's democratic practices. According to Marzuki, such a competitive spirit is needed to allow the people to become more mature in their political attitude. If the motivation proves to be futile, then the people's political attitude will remain at a low level.

To quote Marzuki, any competition should be fair, honest, and healthy. However, competition deliberately can be turned into an event which is cunning, unnatural, and unhealthy. In other words, the spirit of sportsmanship is lacking in these types of competition. An unsporting competition definitely will bring about negative results for the competitors. This is because there are only a handful of competitors. Any victory achieved through fair competition should be respected and accepted by all the participants of the competition. On the other hand, any victory gained through unsporting competitive methods should not be acknowledged nor respected.

The major question is: What is the criteria for fair or unfair competition? Apart from this, there is another question: What is the process for a truly transparent competition so all parties can judge for themselves if the competition was carried out in a truly fair manner? Does such a process exist?

Fair play in sports means all players must adhere to the regulations of the game. There is also a referee, who has been given full authority which is accepted by all. The referee's duty is to ensure that the rules are observed, and where necessary, he has the jurisdiction to impose sanctions or penalties against those who violate the rules. In this case, it is necessary to realize that this process of competition is visible and can be witnessed by spectators. Therefore, aside from the referee, the spectators can judge for themselves whether the competition has been fairly played or otherwise.

Competition in the political arena is somewhat different from that in the sports world. More often than not, unofficial and obscured rules are adopted in the political arena instead of the established official rules. An arbitrator exists, but he is frequently involved in the game. This involvement leads to questions concerning his credibility and integrity. "Smoke screens," which are invisible to people and observers, also exist in political games. Such a murky situation makes it even more difficult for one to judge whether or not the competition has been conducted in a fair and just manner.

Therefore, several preconditions first have to be developed and then established in the effort to fulfill Marzuki's desire for fair and just competition. First, there should be concise and specific regulations which should be strictly adhered to and respected by all parties concerned. Second, the whole process should be entirely transparent. Third, there should be a trustworthy and impartial arbitrator who will not collude with any of the parties involved for his own benefit.

The realization of the above three preconditions is still far off when one considers that numerous obstacles still have to be eliminated before any fair and true competition can be practiced. This, however, does not mean that efforts to create conditions for fair competition will not materialize.

We can first begin with a relatively small and limited area, for instance, within campus or through university organizations. It is an accepted fact that the campus community forms a homogeneous intellectual community with the potential to develop and absorb the principles of political democracy. To realize this aspiration, it would be conducive if the campus community was given the opportunity to independently develop themselves. There should not be no external influence to restrict their independent development. We greatly aspire for fair and healthy competition—not only for the sake of the development of democracy, but most importantly and unquestionably, for justice.

Editorial Views 1994 Economic Situation

BK2712143594 Jakarta SUARA PEMBARUAN in Indonesian 26 Dec 94 p 2

[Editorial: "Evaluation of 1994 Economy, Projection for 1995"]

[FBIS Translated Text] Numerous mass media have presented their year-end economic reports as the year draws to an end. They presented their views on the 1994 economic situation and simultaneously made predictions for economic development in 1995. Indonesia's economic situation in 1994 can be considered stable with an average growth of 6 percent while the inflation rate was recorded at 9.6 percent at the end of the year, just slightly below a two- digit figure.

The various macroeconomics indicators in 1994 pointed to the achievements of several predicted objectives made last year. The country, however, had to face and overcome several macroeconomics obstacles in 1994—some of which caused critical problems. Among other things, there was the rise in cement prices and the regressing public confidence in the banking sector due to the increase in bad debts. The issue reached its climax when the GKG [Golden Key Group] scandal was unfurled. This case had a far-reaching effect. The embezzlement of state funds amounting to 1.3 trillion rupiah by Eddy Tansil was a result of his collusion with the Bapindo [Development Bank of Indonesia] administrators.

Alongside these issues, there also were cases of protests by workers in 1994 demanding better working conditions. The protests affected the stability of the manpower sector. Then, there also were cases related to fictitious tax claims and fake export documents. It was felt that numerous problems dominated the year 1994. From the views gathered, there was an indication that joint venture opportunities were unequally distributed. It was feared that the provision of protection and excessive facilities to conglomerate companies had concentrated the distribution of economic power to only a limited group.

The issue of providing protection to upstream industries and the interest of downstream industries to absorb the upstream industries has become a popular and heated topic by the end of 1994. This issue created a greater polarization of interests between the economies, particularly between the strong and weak economies which are expected to establish partnerships in various aspects of development.

With the announcement of the Bogor Declaration by the APEC [Asia-Pacific Economic Cooperation] leaders at their recent meeting in Indonesia, a stage was set for early trade liberalization and investment by the year 2020. This declaration seemed to have enhanced greater cooperation in the Asia-Pacific region. On the other hand, it simultaneously and discreetly activated controversial opinions. However, by the end of the second long-term development program, whether we are willing, ready, or otherwise, we will definitely be faced with the issue of trade liberalization and investments which have become the choice of most countries.

Meanwhile, we are attracted to this year's economic globalization process and the competition among the global economic blocs. We are currently faced with an economic climate which has become increasingly competitive in global as well as regional markets. Competition based on comparative superiority, namely cheap labor and abundant natural resources, concentrated on the country's human resources acquisition and the application of modern technology which has the ability to contribute toward higher added value on goods.

On the other hand, we should be thankful with regard to the fact that no drastic action, like a devaluation, was carried out despite the difficult monetary situation all this year and despite the predictions made by economists of such a possibility. The cabinet was considered to have scored an extraordinary success.

Unquestionably, the impressive economic growth was the result of good management of the country's macroeconomics. Appropriate fiscal or monetary decisions were made, the deregulation of the real sector occurred, and the debureaucratization process continued in the effort to throttle the high cost economy.

In this context, it should be pointed out that the objective of the 28 June 1994 deregulation package on import procedures was aimed at gradually lifting protective tariffs. Import tariffs on 739 items which cover industrial, agricultural, logistics and health goods will be reduced. Such a stable economic atmosphere will further encourage economic participants to increase their production in the effort to boost nonoil exports.

We absolutely hope that the momentum that has boosted our economic performance in 1994 and which has prevented upheavals and drastic measures, such as devaluation, will continuously prevail in 1995.

Article Views 1995 Economic Prospects

BK2912103294 Jakarta KOMPAS in Indonesian 29 Dec 94 p 2

[Unattributed article—passages in boldface in English]

[FBIS Translated Text] Indonesia's economy for the next year is expected to be more or less similar to this year. Growth is expected to range from 6.2 percent to 6.7 percent this year. There have been predictions that economic growth will reach 7 percent in 1995.

If this is achieved, the economic growth will be higher next year after years of growth between 5 and 6 percent. On the one hand, this is encouraging. One the other, there will be only a slight increase if the economy really grows by 6.7 percent this year.

The predicted 7 percent economic growth mainly will be attributed to a better global economic situation. West Europe's overall economic growth will be 2.3 percent in 1995 (the growth is only 1.5 percent this year). Japan's economic growth, which is expected to reach only 0.8 percent this year, may reach 1.9 percent in 1995. The United States, which has become the largest export market for all countries in the world, is expected to see its economy grow by 3.6 percent this year. Its growth, however, will decrease to 2.8 percent next year.

The world's overall economic growth could reach 2.7 percent in 1995 (2.4 percent in 1994). This will enable Indonesia to achieve economic growth of 7 percent next year.

Concentrated in Jakarta

There have been no major effects from the country's economic growth, which increases from year to year. Indeed, the amount of money, including bank credits, continues to increase. This includes money in the people's hands. This may imply that economic activities continue to increase. As of August 1994, money in circulation reached 41.6 trillion rupiah (37 trillion rupiah by the end of 1993).

However, it should be noted that an imbalance remains in the circulation of money. About 63 percent of money circulates in Jakarta and its environs (Jabotabek). About 6 percent of it circulates in West Java (outside Jabotabek), about 5 percent in Central Java, about 7 percent in East Java, and the remaining 17-19 percent outside Java.

Thus, about 12 million Jabotabek residents control 63 percent of the entire money in circulation and about 170-175 million Indonesians outside Jabotabek control the remaining 37 percent.

Despite optimistic predictions, Indonesia's economic structure remains susceptible to global economic upheavals. Thus, we should take into account several factors.

1. The inflation rate should be kept below 10 percent, as it was this year. The inflation rate is very close to 10 percent this year due to various factors. It will be difficult to keep the inflation rate to 5 or 6 percent next year. Based on business calculations, it is more realistic to expect the inflation rate to reach 8-9 percent or even 10 percent.

2. Indonesia's interest rates are expected to increase by 1-2 percent next year. Banks must settle unrepaid credits, which are expected to swell. There is a possible external factor. The United States may continue to increase its interest rates to prevent its economy from becoming **overheated**. However, this will depend on a tug of war between Alan Greenspan from the **Federal Reserve** (who can act independently outside the U.S. Government's economic policy) and President Bill Clinton as well as pressure from the Congress, which is now dominated by the Republican Party.

3. There is optimism that world oil prices will be higher next year than this year because of the growing demand arising from greater economic activities in developed countries. This will in turn cause oil prices to increase to $15-16 per barrel, which will be higher than the average $12-13 per barrel this year, if OPEC member countries obey the production quota agreement.

4. Oil and natural gas prices will influence the state budget next year. Next year's state budget, however, will increase no more than 10 percent of this year's actual state budget (not the draft state budget which amounted to 69.74 trillion rupiah) because the role of oil and natural gas has been lower than that of nonoil and nongas sectors (income tax, land and building tax, value-added tax, luxury goods sales tax, import duty, excise, and others) in the country from year to year. Moreover, the revision of various tax laws has made tax an incentive for economic activities, and tax is no longer designed solely to obtain state revenue.

5. We also must continue to monitor foreign loans acquired within the framework of the **Consultative Group on Indonesia**, particularly their psychological impact which could affect economic activities and the monetary situation.

6. Indonesia's balance of payments, particularly the current accounts balance, will remain susceptible next year. Our exports, which rely on five commodities (textile and plywood being the largest), are susceptible to global economic upheavals, regulations of developed countries (quota, **eco-labeling**, and other rules), and competition from such countries as the PRC, India, and Vietnam or even Pakistan, Sri Lanka, and Bangladesh. Indonesia no longer has a **competitive advantage** in terms of cheap labor, but must try to create a **comparative advantage**. Moreover, the productivity of Indonesia's cheap labor is lower than that of more expensive labor in Malaysia or Thailand. Despite being given low wages, PRC and Vietnamese labor is much more productive than Indonesian labor. All this will threaten Indonesia's exports next year. Meanwhile, Indonesia's imports will continue to increase due to additional economic activities such as new investment.

Indonesia's balance of trade will probably be positive, implying a trade surplus will remain. However, the current account balance (balance of trade and services) will remain negative. Next year, the current account deficit will be at least $2-3 billion.

Indeed, new investment could make the economy **overheated**. This, however, will depend on the gradual realization of investment projects. The Investment Coordinating Board [BKPM] has always announced planned foreign and domestic investment, which seems to be growing. However, this does not mean anything yet because it is just an **intention to invest** and the BKPM will still have to approve its realization. Realization will in turn depend on our economic climate.

7. We should also observe the behavior of the stock market, which has seen its role grow further. Indeed, the stock market plays a role as an alternative to obtain business capital. The number of companies that **go public** continues to increase. The stock market also can serve as an indicator of our economy.

Our stock market is dominated by foreign investors daily. Such a domination is very unfavorable to our economy during the current economic globalization, which enables money to be transacted as a separate commodity and which does not recognize national boundaries. Our economy will remain good or normal next year. However, if foreign investors see an opportunity to obtain higher profits in another place, they may suddenly withdraw their investment and our monetary situation could be in a difficult position.

8. The banking sector will remain susceptible next year. Stalled credits will remained unresolved due to structural problems. Their settlement will absolutely depend

on the international monetary situation (a change in U.S. interest rates). The stalled credits will probably even swell.

Indonesia's economy, which has improved over the past three to four years, has spurred banks to expand their credits, particularly to the property sector. Luxury houses, apartments, condominiums, and skyscrapers have been built and marketed. Their buyers have turned them into an investment alternative (second or third residences).

There have been predictions that there will be stalled credits next year because the **real estate** sectot—developers and buyers—will be unable to repay the loans.

Thus, we may be optimistic that the economic growth will reach 7 percent next year. To play it safe, however, we can expect only a 5-6 percent growth on the basis of business calculations.

Laos

NTA, Thailand, SRV Hold Talks on Tourism

BK2912121594 Vientiane KPL in English 0920 GMT 29 Dec 94

[FBIS Transcribed Text] Vientiane, December 28 (KPL)—The Tourism Authorities of Laos, Vietnam, and Thailand have agreed to launch a joint survey with objective to be tourism product identifying mission on a joint route of travel among the three countries. The agreed route starts in Nong Khai Province in Thailand to Vientiane (crossing the Lao-Thai friendship bridge)-Lak Sao (Road No. 13 South and Road No. 8)-Savannakht-Lao Bao (Road No 9)-Quang Tri-Vinh-Hanoi-Haiphong-Hue-Danang-Lao Bao-Savannakhet-Champassak-Ubon Ratchathani (Thailand).

The agreement was made in a tripartite technical meeting on tourism among the National Tourism Authority (NTA) of the Lao People's Democratic Republic (LPDR), the Vietnam National Administration of Tourism (VNAT), and the Tourism Authority of Thailand (TAT) hosted here yesterday by the NTA.

Heading the delegation of the National Tourism Authority of the Lao PDR (NTA) to the meeting was Mr. Sanya Aphai, NTA deputy director general. The VNAT delegation was led by its vice chairman, Bui Xuan Nhat, and the TAT delegation by Mr. Pradit Phayakkhawian, deputy governor for planning and development, TAT.

Also present at the meeting were representatives from the Consular Department, Lao Ministry for Foreign Affairs; Immigration Control Department, Ministry of Interior; Customs Department, Ministry of Finance; and from the Civil Aviation Department. Representatives of the embassies of the Socialist Republic of Vietnam and of the Kingdom of Thailand to Laos were also on hand.

The meeting was opened by Mr. Phonsouk Khounsombat, NTA director-general. In his address, he called on the meeting to discuss the formation of a tourism linkage among tourist attractions in the three countries together, turning the three countries as new and outstanding destinations in the region and the promotion and attracting of high class tourists who wish to travel in the three countries. The meeting was to discuss and fix regulations on tourism contracts on the basis of observation of each country's laws and for each country's interest, while the National Tourism Authority of the Lao PDR, the Vietnam National Administration of Tourism, and the Tourism Authority of Thailand, at their macro-management level, are ready to facilitiate and support all business sectors within the jurisdiction of their countries. The participants were also urged to discuss the promotion of the development of new tourism activities together with strong preservation of culture and environment. This can be started from small but substantial activities to attract tourists. If applicable, large projects should be included in a long-term plan which will be processed through consultation.

The meeting unanimously elected Mr. Sanya Aphai of Lao NTA as chairman of the meeting.

The Thai delegation informed the meeting of the possibility to share the expenditures of the survey mission, including the costs of accommodations, food, and mission-related expenses for appropriate number of participants of the Lao NTA and VNAT. However, the Lao and Vietnamese sides were requested to inform TAT of the number of participants and details on accommodation and other expenses to be agreed upon in advance by TAT.

The Lao side informed the meeting of the possibility to supply vehicles to be used by the survey team in Lao territory.

Vientiane, PRC Province Sign Cooperation Memo

BK2912112794 Vientiane KPL in English 0944 GMT 29 Dec 94

[FBIS Transcribed Text] Vientiane, December 29 (KPL)—Delegates from Vientiane Prefecture and Chinese Liaoning Province last night signed a memorandum during a working visit to Laos by a delegation from the Communist Party of Liaoning Province in China.

The signatories to the document were Mr. Bounleut Souli-gnavong, under-secretary of the party committee of Vientiane Prefecture, and Chang Guo Guane, under-secretary of the party committee of Liaoning Province and secretary of the party committee of Shenyang City.

Both sides expressed pleasure over the growing development of ties between the two parties and states. The two countries' parties have exchanged visits of high-level delegations.

This visit by the Liaoning delegation not only steps up the ties between the two countries' parties and states but also between Vientiane Prefecture and Liaoning Province of China. The two sides indicated a strong desire to further exchange experience and increase economic cooperation as well as to facilitate the exchange of visits between delegations of Vientiane Prefecture and Shenyang City of Liaoning Province.

The Chinese delegation also issued an invitation to the administration of Vientiane Prefecture to visit Shenyang City, Liaoning Province, in the near future.

Press Release Issued on Thai Border Meeting

BK2812142794 Vientiane Vitthayou Hengsat Radio Network in Lao 1200 GMT 27 Dec 94

[Joint press release issued in Vientiane on 26 December between Lao and Thai General Border Peacekeeping Cooperation Committees on outcome of fourth meeting of committees]

[FBIS Translated Text] The fourth meeting of the Lao-Thai and Thai-Lao General Border Peacekeeping Cooperation Committees was held in Vientiane, capital of the Lao People's Democratic Republic [LPDR], on 26 December. The Lao side was headed by Lieutenant General Choummali Sai-gnason, minister of national defense and chairman of the Lao-Thai General Border Peacekeeping Cooperation Committee, and the Thai side was headed by General Watthanachai Wutthisiri, armed forces supreme commander of the Kingdom of Thailand and chairman of the Thai-Lao General Border Peacekeeping Cooperation Committee. The meeting proceeded in an atmosphere of warm friendship and neighborliness.

In the meeting, the two sides jointly discussed and reviewed the implementation of the memorandum of the third meeting, which was held in Bangkok, Thailand. They also discussed the settlement of remaining problems and brought into consideration other issues that will be jointly settled in the immediate future. The two sides agreed that in the past year, Lao-Thai relations, both between the governments and between the armies, have been promoted to the top level. This was seen when His Majesty King Phumiphon Adunyadet of the Kingdom of Thailand and His Excellency Nouhak Phoumsavan, president of the LPDR, cochaired the ceremony marking the inauguration of the first Lao-Thai friendship bridge. After the bridge opening ceremony, His Majesty the Thai King, together with Her Majesty the Queen and Her Royal Highness Princess Chakkri Sirinthon, also paid an official visit to the LPDR.

The two sides also noted that the Lao and Thai General Border Peacekeeping Cooperation Committees have achieved satisfactory progress in performing their duties and that the committees have pledged to further cooperate in working for ever greater achievements with a view to bringing about tranquillity to areas along the Lao-Thai border and turning the border into one of genuine peace and friendship. The two sides agreed to assign the General Border Peacekeeping Cooperation Subcommittees and the border peacekeeping cooperation committees at the provincial level to hold consultations and adopt concrete measures in connection with this issue.

The two sides agreed that there remain certain border areas where bad elements, who have maintained ill intentions toward Lao-Thai relations, have continued to create dusturbances. In those areas, it is apparent that a number of local people and authorities (?have engaged in the practice of) illegal entry or departure, smuggling, and other wrongdoings. In view of this, the two sides agreed to jointly take measures to strictly check and suppress these illegal acts. In this regard, the two sides agreed that in the event of an illegal act, whichever side sees it first should immediately inform the other side of the matter through the mechanism already in place, and that if there happen to be any act that one side suspects to be an act affecting Lao-Thai relations, it should inform the other side and ask for permission before taking any action. This is to maintain good mutual understanding.

The two sides appraised the achievements of the Lao-Thai and Thai-Lao General Border Peacekeeping Cooperation Subcommittees in carrying out activities to fulfill their tasks following their first through fourth meetings in accordance with the guideline set forth by the Lao-Thai and Thai-Lao General Border Peacekeeping Cooperation Committees. They have agreed to firmly step up coordination, raise the spirit of responsibility, and increase the working efficiency in carrying out tasks. The two sides agreed to arrange all border peacekeeping committees at the provincial level to meet at an early date and to continue to regularly hold meetings. They also agreed to have the General Border Peacekeeping Cooperation Committees, as well as the provincial border peacekeeping committees, jointly organize technical seminars to exchange views. It was agreed that the first seminar will be held in early 1995.

The meeting acknowledged and supported the idea that the Lao-Thai Joint Border Committee should continually carry out its duties in accordance with the (?minutes) of the fourth meeting of the Lao-Thai Joint Cooperation Commission—which was held in Bangkok on 17 September 1994—and in conformity with the resolution of the seventh tripartite meeting of Laos, Thailand, and the United Nations Office of High Commission for Refugees—which was held in Phattaya [Thailand] between 26 and 28 July this year—in which it was agreed that all Lao refugees will be sent back to their native villages on a voluntary basis and in accordance with relevant regulations and steps. The meeting acknowledged with pleasure the progress achieved in the cooperation in suppressing narcotics, both at the bilateral level of Laos and Thailand and at the multilateral level of Laos, Thailand, Myanmar [Burma], China, and the United Nations.

The Lao side expressed thanks to the Thai side for inviting a delegation of the Engineering Department of the Lao People's Army [LPA] to visit and gain technical experiences and lessons from the Engineering Unit of the Thai Army. The Lao side also thanked the Thai side for helping train the second group of 10 Lao doctors of medicine in six months and for their assistance in providing necessary medical equipment to the LPA Hospital 103 and computer equipment to the Lao cooperation subcommittee. The Thai side has also agreed to help train a third group of 10 LPA physicians for a period of six months in 1995, and to give medical equipment as aid to the Lao side.

The two sides unanimously agreed to discuss and later inform each other of an exchange of field trips between army delegations at a certain level. The two sides agreed to hold the fifth meeting of the Lao and Thai General Border Peacekeeping Cooperation Committees in the Kingdom of Thailand. Details of actual times, dates, and place of the meeting will be discussed and fixed later.

Thailand

Suphachai: Immigration Police Hindering Trade

BK2612122494 Bangkok THE NATION in English 26 Dec 94 p A1, A3

[FBIS Transcribed Text] Deputy Prime Minister Suphachai Phanitchaphak lashed out yesterday at corrupt immigration police in the southern provinces bordering Malaysia.

He said they are impeding cross-border trade and investment.

Suphachai said he's received numerous complaints that immigration officers extort bribes from Thai and Malaysian businessmen crossing the border.

"This is the biggest obstacle to investment between our two countries," Suphachai said.

"They're doing this despite my efforts at negotiating for longer periods for the border to be open."

The deputy prime minister said he had conveyed the complaints to the Interior Ministry.

"If such illegal activities are uncovered, the Interior Ministry must fire or impose severe penalties on the offenders," he said.

Suphachai added that the government should also make it easier for people from other Asian countries to visit Thailand for business reasons.

Asian businessmen are automatically granted 30-day visas on arrival.

Suphachai said he believes the period should be lengthened.

The deputy prime minister suggested that immigration offices at border control points should be able to accept foreign businessmen's "smartcards"—credit cards with computer chips containing personal information and an identification number—instead of passports.

He also criticized police for being "too lax" in suppressing illegal immigrants seeking jobs.

Suphachai said illegal Burmese are only allowed in a few eastern provinces where there are labour shortages, especially in the fishing industry.

"But illegal immigrants are also found in other provinces, like Phet Buri."

Southern immigration officers aren't the only ones who have been accused of malpractice.

Their colleagues around the country have also been accused of corruption and abuse of authority.

In a recent interview with The Nation, the new commissioner of the Immigration Bureau vowed to crack down on corruption.

Pol Lt Gen [Police Lieutenant General] Kiattisak Praphawat acknowledged that the Immigration Bureau suffers from a negative public image, the result of numerous reports of graft, kick-backs, abuse of power and infighting by vested interest groups within the agency.

Alleged corruption ranges from bribery at checkpoints to a mafia-style network preying on illegal immigrants who fail to pay "protection fees", according to various sources.

"I'm trying my best to eradicate such practices.

"I'm worried that our country's reputation will suffer if things keep going on this way," Kiattisak said.

"Anyone found guilty will be punished severely and hopefully this will serve to remind everybody about the risks they run in breaking the law."

He expressed concern that some senior officials have become indistinguishable from the mafia-style bosses they're supposed to be fighting.

According to inside sources, each checkpoint or immigration office has its particular characteristics, so officials tend to use different methods to conduct "business".

Officials posted at Khlong Toei port have the authority to board cargo vessels to check for illegal immigrants.

This gives them the opportunity to "do a little business"—they can demand substantial sums of money from illegal aliens in return for turning a blind eye to their entry.

Colleagues working at the Don Muang immigration office are said to have different but "very profitable" scams.

A source alleged they earn huge sums of money collaborating with syndicates that traffic in prostitutes and are also linked to gangs that forge passports and transport illegal immigrants from China to third countries.

Border Officials Push Back 500 Cambodians

BK2912070394 Bangkok BANGKOK POST in English 29 Dec 94 p 6

[FBIS Transcribed Text] Sa Kaeo—Border officials pushed about 500 Khmers, mostly women, children and elderly people, back into Cambodia on Tuesday night.

The Khmers, who had gathered on Siphen Road, could not tell the officials why they had sought refuge in Thailand.

Army officers later learned that a group of armed men had entered Bung Takuan market aross the border from Ta Phraya District and had demanded protection money from vendors.

They were reported to have fired their guns into the air to scare shoppers.

Cambodia To Seek Cooperation on Logging

BK2912112294 Bangkok SIAM POST in Thai 29 Dec 94 pp 1, 8

[FBIS Translated Text] Phnom Penh—Cambodian Agriculture Minister Tav Senghua on 28 December said that his government will ask for cooperation from the Thai Government in the Cambodian ban against tree cutting, which will start from 1 January, and its timber export ban, which will begin on 1 May, to conserve the environment and prevent illegal logging.

Cambodian Defense Minister Tie Banh earlier asserted that most of the illegal logging was done by the Khmer Rouge, who use the revenue from logging and gem mining operations to support its struggle against the Cambodian Government.

The Cambodian defense minister accused Thailand earlier this month and said that Thailand would not assist the Cambodian attempt to stop the major illegal Khmer Rouge trading activities in Pailin. He said local Thai military commanders condoned the trade.

According to the Cambodian agriculture minister, a Cambodian delegation will visit Thailand in early 1995 to discuss the above issue.

Meanwhile, Deputy Foreign Minister Surin Phitsuwan reiterated that due to concern for the safety of Thai people, the government sees no reason to reopen An Ma pass, noting that the Interior, Foreign, and Defense Ministries concurred with this view.

He said although businessmen wanted the pass reopened, interest of the majority, particularly security, has to be taken into consideration.

He said the Cambodian and Thai Governments have been discussing compensation for the Thais killed in Cambodia.

Prime Minister Chuan Likphai told newsmen yesterday that a demand has been made to Cambodia for compensation for the deaths of some 20 Thais killed while working in Cambodia. The Thai private sector has been coordinating with the Foreign Ministry to ask the Cambodian Government to pay compensation for the cancellation of the Thai airlines concessions.

Editorial Warns About Investment in Cambodia

BK2612093394 Bangkok KRUNGTHEP THURAKIT in Thai 25 Dec 94 p 2

[Editorial: "Risky Situation in Cambodia"]

[FBIS Translated Text] Cambodia International Airlines (CIA) will stop flying out of Phnom Phen today in compliance with an order issued by the Cambodian Government. The Cambodian Government has signed an agreement with some Malaysian businessmen to set up a new national carrier, the so-called Royal Air Cambodge, under a joint venture in which the Cambodian Government holds the majority of equity (the exact amount is unknown). It is the current Cambodian Government's policy to have a single airline handle air cargo and passenger transportation.

Another airline, Siam Kampuchea, or SK Air for short, has also received a closure order from the Cambodian Government. The exact date of the closure was not fixed, however. It is possible that SK Air will have to cease operations at the same time as CIA because Royal Air Cambodge is scheduled to begin operations on 1 January.

Both airlines belong to Thai entrepreneurs. The abrupt closures are expected to cause heavy financial losses. As a matter of fact, they were not informed in advance by the Cambodian Government of their unfortunate fate. Passengers who bought tickets in advance will not be able to fly as scheduled. Who will be responsible for this inconvenience? Will passengers be able to obtain refunds for their tickets?

It is normal for any government to set up a national carrier. Many countries—Thailand, Malaysia, and Indonesia—have national carriers. A national carrier is a source of prestige for the country. Therefore, the Cambodian Government has done the correct and praiseworthy thing in joining hands with the Malaysians to establish a national carrier. The abrupt closure of other airlines is inappropriate, however. At the very least it should have provided advance notice to give them enough time to deal with their passenger and cargo backlog and refund tickets. Considering how sudden the closure orders were, it is very likely the Cambodian Government will have to pay the damages. Otherwise it will be sued for compensation by the aggrieved parties—if Cambodian law is really effective.

This is not the first time the Cambodian Government has changed its stand in dealing with people who do business in the country. Foreign companies and investors are well aware of its inconsistency. Thai investors will have to be more cautious because the present government is not the same as that formed after the last general election. More changes will be made.

The Cambodian Government should not allow such business mishaps to occur too often if it still wants foreign investment to help develop and strengthen the country's economy.

Abrupt changes affecting business circles can jeopardize the country's whole economy. The private sector cannot accept risks such as the sudden closure of businesses. They will hesitate to invest in any project in the country after witnessing the fate of the two airlines because they cannot be sure what will happen to their businesses.

The closure of the two Thai airlines should serve as a lesson and warning for people who intend to invest in Cambodia. It is now obvious how risky it is to get involved.

We want to see the Cambodian Government spell out all of its policies and standards. Otherwise it will be difficult for it to gain the trust of countries around the world.

Chuan Rejects Description of Foreign Policy

BK2812074894 Bangkok BANGKOK POST in English 28 Dec 94 p 6

[FBIS Transcribed Text] Prime Minister Chuan Likphai yesterday dismissed criticism that Thailand has pursued a weak foreign policy, saying that it depends on which country it deals with.

He was responding to academics who said during a panel discussion on Monday [26 December] that Thailand's foreign policy is so weak that it has put the country at a disadvantage in dealing with other countries, even its neighbours.

Mr. Chuan said he did not think the criticism was correct, saying that one must take into consideration individually which country Thailand is dealing with.

"As for our neighbours, we have to understand that they are trouble-plagued and have different statuses and degrees of sufficiency. We regard our neighbours as relatives," he said.

"We may be able to prevent some matters from happening but we cannot expect them to have everything like we do," Mr Chuan said.

On the cancellation of the operations of two Thai airlines to Cambodia, Mr Chuan said he had ordered Foreign Minister Thaksin Chinnawat to look into the contracts to see if the airlines had been treated accordingly.

Government spokesman Akkharaphon Sorasuchat said at a press conference that Cambodia's second prime minister Hun Sen had asked Mr Thaksin to lodge a formal petition so that he would consult Prince Norodom Ranariddh to find a way out which may be in the form of compensation or allowing the two airlines to invest in a new airline.

Commenting on the massacre of 22 Thai workers, Mr Chuan said the Cambodian government had confirmed it was the work of the Khmer Rouge. The spokesman said Interior Minister Sanan Khachonprasat recently visited An Ma pass on the Thai-Cambodian border, after consultations with the Foreign and Defence ministries, and had suggested that the pass remain closed.

On another incident in which Cambodian government soldiers robbed a restaurant in Sa Kaeo's Aranyaprathet District and killed two Thai policemen, Mr Chuan said Thailand asked Cambodia to pay compensation. However, he has just been informed by Cambodian authorities that the attack was carried out by former army soldiers and deserters.

The Foreign Ministry will investigate this matter.

Asked what Thailand would do with Cambodia's former interior minister Sin Song who has been detained in Thailand, the Prime Minister said Thailand will wait until December 31 for Cambodia to send a court verdict on the fugitive general who is wanted in connection with a failed coup in that country last July.

If Cambodia failed to send the court verdict as asked, Thailand would then consider what to do with Gen Sin Song based on Thai law and information at hand, Mr. Chuan said.

In a related development, Mr Akkharaphon said the Foreign Minister reported to the Cabinet that Cambodia had stepped up measures to prevent car smuggling from Thailand by not allowing registration of vehicles with a steering wheel on the right-hand side.

Government To Cut Tariffs on 8,013 Items

BK2912080294 Bangkok BANGKOK POST in English 29 Dec 94 p 26

[Report by Wichit Sirithawiphon]

[FBIS Transcribed Text] Thailand has cut tariffs on 8,013 items, effective January 1, in line with the ASEAN Free Trade Agreement (AFTA), according to a source from the Ministry of Finance.

Products under the fast track will be subject to the first round cut on Sunday. Tariffs on these products, now above 20 percent, will be between zero and 5 percent by January 1, 2000.

The tariff cut was approved by the Government two days ago and the move was in accordance with earlier agreements made with five other ASEAN member countries.

Goods under the fast track consist of cement, fertiliser, leather goods, paper pulp, textiles, gems and ornaments, electrical appliances, wooden furniture, vegetable oil, chemical products, pharmaceutical products, plastics, rubber goods, ceramics, glass and copper cathode.

The source said that of 8,013 items that are subject to tariff cuts, some 3,403 are listed under the fast track, while some 4,610 are in the normal track.

The average tax rate under the fast track scheme is 25 percent, while those on the normal track are subject to 30 percent taxation.

The source said the AFTA committee, which is chaired by Finance Minister Tharin Nimmanhemin, will arrange a meeting on 19 January 1995.

The meeting will consider ways of including goods under the exclusion list into the AFTA tariff cutting scheme. Earlier, goods under the exclusion list were exempt from the AFTA tariff cut scheme.

Thailand reserves 183 items in the exclusion list. The list consists mainly of auto parts and electrical appliances. The rest are agricultural goods such as vegetable oil.

A source from the auto and spare parts industries said private operators want to keep auto and spare parts products under the AFTA tariff cut scheme. Tariff cuts will enable the auto industry to compete better with its overseas competitors.

The ASEAN Economic Ministers Meeting held in Chiang Mai last September agreed to cut the number of goods under the exclusion list at the rate of 20 percent a year. Each country will propose the item to be delisted on a voluntary basis.

The source from the Ministry of Finance said the criterion for maintaining goods under the exclusion list is the products' market size.

If the market size is small, the products can be delisted from the exclusion list. Measures on non-tariff barriers for that good will be considered.

If Thailand imposes non tariff barriers for certain goods, it signals that it is not ready to cut tariffs on those goods from its trade counterparts.

The source from the Ministry of Finance said AFTA will take full shape by the year 2005. This is five years faster than the earlier agreements.

However, the realisation of the free trade area timeframe has been speeded up to only 10 years.

During the press conference two days ago, Mr. Tharin did not mention tax reduction according to the AFTA framework as it could confuse the public. Also it will look like Thailand cut tariffs for participating countries and the ASEAN bloc.

All countries will enjoy benefits from a tariff cut. The cabinet has approved the reduction on tariffs for 3,908 imported items under 11 product categories out of the entire 20 categories.

The policies will slim the government's average tariff rate which is imposed at 30.24 percent to only 17.01 percent. As a result the government will forego 17.67 billion baht of revenue.

The current tariff restructuring will result in Thailand having only six rates of ad valorem tax—0, 1, 5, 10, 20 and 30 percent. In the past Thailand has imposed 39 tax rates.

By 1997 all imports to Thailand except agricultural goods will have a maximum tariff rate of 30 percent.

0 percent will be applied to exempted goods such as medical equipment; 1 percent for key raw materials such as electronic parts, 5 percent for machinery precision instruments and computers; 10 percent for intermediate products; 20 percent for finished goods; and 30 percent for protected products.

Regarding the tariff for the ASEAN bloc, the source said, the structure will be offered at a more generous rate. Even products that are similar are subject to different taxation due to their origins.

According to statistics from the Business Economic Department, export value to the ASEAN bloc is second to the US market.

In 1994 exports to ASEAN accounted for 200 billion baht, while Thailand exported some 255 billion baht to the US.

Rice Exports 200,000 Above Average Target

BK2812085194 Bangkok BANGKOK POST in English 28 Dec 94 p 28

[FBIS Transcribed Text] Thailand's rice exports this year will reach 4.7 million tons, about 200,000 tons above the target set earlier, according to a source at the Rice Exporters' Association.

The source said that up to December 25, Thailand exported 4.65 million tons of rice and it expected the figure to rise to 4.7 million tons.

He said Thailand was able to exceed the target because big rivals like Vietnam and the United States had production problems.

Exports were boosted after the Government launched a programme to pay US$10 per ton to exporters who were able to export medium- and low-grade rice.

For next year, the Government forecast that Thailand would export 4.2-4.5 million tons, but the value of exports would be lower than this year because Thai exporters needed to accept lower prices to keep markets from being taken by Vietnam, the United States and China.

The source said the Agriculture and Cooperatives Ministry expected the production of paddy in next year's crop to reach 20 million tons, or about 13.5-14 million tons of rice.

Vietnam

ROK Parliamentary Delegation Visits

BK2812161994 Hanoi VNA in English 1427 GMT 28 Dec 94

[FBIS Transcribed Text] Hanoi VNA Dec. 28—Deputy Prime Minister Phan Van Khai received here today a delegation of the Republic of Korea-Vietnam Parliament Members' Friendship Association led by Mr. (Nam Chae-du), who are now on a visit to Vietnam.

Deputy Prime Minister Khai expressed thanks to the South Korean people for their sympathy with and support to the Vietnamese people in their national construction. He described South Korea as a model of economic development for Vietnam which, in the deputy prime minister's words, wished to receive continued assistance and comprehensive cooperation from the ROK including capital sources, management experience and technology.

Mr. (Nam Chae-du), for his part, stressed that South Korean companies invested in Vietnam not only for their own interests but also for the development of Vietnam and the strengthening of the friendship and all-round cooperation between the two countries. He pledged to contribute to the pushing up of South Korea's direct investment in and ODA [overseas development aid) to Vietnam including the USD 50 million credit loan in the 1995 fiscal year for Vietnam to build highway No. 18 and a water supply mill in Bien Hoa City, Dong Nai Province.

Talks were held here today between a delegation of the organisation of Vietnamese Parliament Members' Friendship With Other Countries (VIPAFO) led by its president Mr. Hong Ha and the South Korean parliamentary delegation.

At the talks, the VIPAFO president welcomed the visit as contributions to further promoting the friendship among (?the peoples) of Vietnam and the ROK.

For his part, Mr. (Nam Chae-du) said that South Korea and Vietnam which have similarities in history and culture have recorded fine results in economic relations, serving as favourable conditions for friendship promotion.

During the talks, the two sides informed each other of important issues of common concern and expressed their wishes to develop the friendship and cooperation between the two parliamentary friendship organisations for the interest of each country and for peace safeguarding, stability and cooperation in the region and the world as a whole.

French Minister Criticized for Award Choice

BK2412135994 Hanoi Voice of Vietnam Network in Vietnamese 1100 GMT 24 Dec 94

[FBIS Translated Text] The VAN NGHE [Arts] weekly published today carries an interview with Writer Vu Tu Nam, secretary general of the Vietnam Writers Association, and Poet Huy Can, president of the Vietnam Union of Art and Literature Associations, regarding the move by Jacques Toubon, French minister of culture and Francophone affairs, to confer the Order of Culture and Arts, Fifth Class, on Mrs. Duong Thu Huong.

When asked for his comment on the action by the French minister of culture and Francophone affairs, Writer Vu Tu Nam said: We were astonished; we wondered whether this was a cultural or a political move by the French minister of culture and Francophone affairs, as Mrs. Duong Thu Huong previously declared that she has ceased her literary activity and is now focused mainly on political and social activities. Writer Vu Tu Nam pointed out a number of objective arguments to prove that Mrs. Duong Thu Huong's publications can only be seen as belonging to a kind of preliminary literary works [mootj loaij vawn hocj sow luowcj] and definitely do not carry literary value up to the standard of first rate works that should prompt an award from Mr. Toubon. Writer Vu Tu Nam continued: We regard cultural relations between our two peoples highly. This unjust deed by the French minister of culture and Francophone affairs will only cause justifiable suspicion about France's cultural policy in Vietnam.

Poet Huy Can, president of the Vietnam Union of Art and Literature Associations, also held that the action by the French minister of culture and Francophone affairs in conferring the Order of Culture and Arts, Fifth Class, on Mrs. Duong Thu Huong was not a cultural act, but rather carried explicit political intentions. This inconsiderate act will seriously harm the friendly relations between the two peoples, which have been successfully nurtured for the past several years. Poet Huy Can continued: I cannot imagine the concealed motives that led Minister Jacques Toubon to this detrimental decision.

Official Details Foreign Investment Needs

BK2812085594 Hanoi Voice of Vietnam Network in Vietnamese 1430 GMT 27 Dec 94

[FBIS Translated Text] Dau Ngoc Xuan, chairman of the State Committee for Cooperation and Investment, has disclosed that Vietnam will have to attract $18-20 billion from direct foreign investment in order to carry out the national industrialization program from now until 2000.

Development priority will be given to 12 industrial centers and projects in Ho Chi Minh City, Hanoi, Haiphong, Song Be, Dong Nai, Can Tho, Da Nang, and Hai Duong. Equal importance will be attached to a number of telecommunications and transport and communication projects as well as consumer product manufacturing and agricultural product and food processing enterprises.

Do Muoi Addresses Hanoi Party Conference

BK2812085394 Hanoi Voice of Vietnam Network in Vietnamese 2300 GMT 27 Dec 94

[FBIS Translated Text] On 26-27 December, the party Standing Committee of Hanoi held a conference on the continued renovation and reorganization of subward party committees. Comrade General Secretary Do Muoi addressed the conference, which focussed its discussion on four subjects: the leadership of subward party committees in economic development, the organization and activity of party chapters in residential groups, work assignment for party members, and recruitment of new party members.

Addressing the conference, Comrade Do Muoi pointed out that the party chapters and basic party organizations have a strategic role because they are the party's direct fighting units and they stay very close to the public. From that position, they must organize and motivate the public to satisfactorily implement party policy and state laws. If all party chapters have strong fighting spirit and high capacity to organize and motivate the public, our party's revolutionary stages will be shortened significantly and our undertaking in national construction, protection, industrialization, and modernization will lead to greater results. Regrettably, the work performance of basic party organizations and party chapters in many places is still poor, and its coordination and fighting spirit weak, resulting in the stagnation of public movements. First of all, subward party committees must understand and creatively apply party policy and state laws to local conditions. They must pay attention to urgent issues relating to the living conditions of the people, social welfare policies, childcare, families of fallen combatants and injured soldiers, and senior citizens. To successfully solve these issues, they must rely on the strength of the public and the people. Our entire party is now concentrating its efforts in fighting the negative. Therefore, we must heighten the fighting spirit and maintain the uprightness of the party, starting from the basic party organizations and subwarb chapters. They must satisfactorily implement this important duty.

Minister: GDP Rate Due to 'Right Policies'

BK2512093394 Hanoi VNA in English 0625 GMT 25 Dec 94

[FBIS Transcribed Text] Hanoi VNA Dec. 25—Vietnam's annual GDP growth rate of 7.5 per cent on average in recent years is attributed to the right policies made by the government on capital sources market development and the multi-sector economy, said Cabinet Minister Le Xuan Trinh.

Mr. Trinh who is also head of the Government's Office, said the government has since late 1980s promulgated a number of policies with preferential terms to encourage capital investment, savings deposits and shares buying aimed at pooling more idle money from the population.

A greater part of the state budget and capital has been given to the construction of socio-economic infrastruction. Big efforts are being made by the government in order to open stock exchanges in Ho Chi Minh City and Hanoi.

By the end of 1994, licences were granted to over 1,000 investment projects with registered capitals of USD [Dollars] 11 billion. In order to improve and simplify the investment procedures to attract more foreign capital, the government will make amendments to procedures on evaluation and management of foreign invested projects. Among other things, land rental price will be reconsidered.

Mr. Trinh added that measures will be taken to increase the goods for export both in terms of quality and quantity and broaden their markets. Besides traditional markets in the former Soviet Union and East European countries, the government is planning to seek new ones in Europe, the Middle East and Latin America.

In addition, the state-run business and production establishments are being restructured. The state-run businesses will focus only on key fields and the ones that need large capital and high technology.

It is estimated that Vietnam needs about six or seven billions USD each year in the time between now and the end of this century to develop the national economy. At least 50 per cent of the amount could be mobilized from the people.

'Essay' Hails Role of National Unity

BK2812152594 Hanoi Voice of Vietnam in English 1000 GMT 28 Dec 94

[Unattributed "essay"]

[FBIS Transcribed Text] Doi moi, the economic renovation process, has only been underway in Vietnam for eight years. But what the Vietnamese people have achieved during that eight years has changed the face of the country. The main reason for these achievements, which have been acknowledged worldwide, is the great national unity for applying the open door policy. Experience in other countries shows that without national unity a country can fall into civil war, causing numerous sufferings to the people and pulling the country backward for a few decades. This reality demonstrates the importance of great national unity.

Vietnam is a country with a thousand years' tradition of national unity in the defense and construction of the country. This has been fostered and developed in the process of renovation. In 1994, the Central Committee of the Vietnam Communist Party issued a resolution called No. 7 on great national unity, pointing out that great national unity means the unity of all people of all walks of life—different nationalities, different religions, either living at home or abroad—for the common goal.

Great unity must be maintained while it is also necessary to accept differences which do not do any harm to the common goal of the nation. It must also eliminate all prejudices and hatred so mutual trust and confidence can be developed in the bright future in the principle of national independence and people's happiness. The No. 7 resolution of the party Central Committee demonstrates the new vision of the Vietnamese Communist Party with a view to join the entire Vietnamese people's efforts to turn the renovation process into a success.

Great unity has become popular among people's daily life. More and more people accept the policy to develop the multisectoral economy within state control and to invest in business and production. Another manifestation of great unity is that almost all voters took part in elections to choose qualified representatives for capable administration. Meanwhile, democracy has been widely exercised in society. Intellectuals have opportunities to develop their talents, making contributions to the implementation of the reform. The Vietnamese state has made considerable investment in developing remote mountainous regions. Great unity is also proved by the contributions of religious people and those collaborated with the old regime to the current socioeconomic development of the nation. Many overseas Vietnamese intellectuals are willing to come back to Vietnam to work as advisers for the government. The number of overseas Vietnamese returning home to enjoy traditional lunar new year Tet festival this year reached the record figure of over 100,000.

All these have formed a picture of great national unity in order to build a powerful and prosperous Vietnam with an equal and civilized society, implementing the late President Ho Chi Minh's teachings: Unity, unity, great unity; success, success, great success. The Vietnamese people and state are determined to foster and preserve the national great unity, a factor to ensure the success of reforms.

Meteo-Hydrological Station Established

BK2912064094 Hanoi VNA in English 0628 GMT 29 Dec 94

[FBIS Transcribed Text] Hanoi VNA Dec.29—A regional meteo-hydrological station for the northern central Vietnam has been inaugurated in Nghe An Province. This is the sixth regional station in the country. Three more are scheduled to be built in the first quarter of next year.

This station is responsible for weather forecasts and air and water environment surveys in the three provinces of Thanh Hoa, Nghe An and Ha [word indistinct] which are inhabited by one tenth of the country's population, and frequently hit by natural calamities.

Besides the regional station, the three provinces house 55 meteo-hydrological posts which need to be upgraded in service of socio-economic development and national defence, especially the disaster preparedness proramme in the region.

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